

EUROPEAN NEWS

Central bankers to issue warning on financial market innovation

BY PETER MONTAGNON IN BASLE

CENTRAL BANKS of leading industrial nations are soon to issue a new warning on the risk inherent in financial market innovation. The warning comes in a report prepared by the specialist Cooke Committee meeting at the Bank for International Settlements here.

Although it falls short of prescribing specific capital requirements on new financial market instruments, the report is much more detailed technically and more wide-ranging than the previous one which led central banks to issue a general warning on innovation last autumn.

The new report attempts to assess for the first time the risks run by banks which use futures and options markets to head currency and interest rate exposures. It also provides a technical analysis of the off-balance-sheet risks incurred by underwriting banks in the fast-growing note issuance facility market. But it does not seek to cover the additional risks

thrown up by the recent huge expansion in world-wide securities trading. Central bankers attending their routine monthly meeting here said the report is intended to refine further the education process, on the risks of market innovation. It will remind banks that their managements need to develop the right skills to monitor this business.

Government agencies responsible for supervising national banking systems will also need to update their technical market knowledge, they said. But they added that it now seems unlikely that standard capital requirements will be introduced for off-balance sheet business by all main industrial countries.

The development of new regulations will have to be left to national authorities, they said, though this does not mean that there will be no international co-ordination and discussion.

Spain weighs economic cost of quitting Nato

BY DAVID WHITE IN MADRID

WOULD SPAIN be hurt economically if it left Nato as a result of tomorrow's referendum? The ruling Socialist party, campaigning almost alone in favour of remaining in the alliance, argues strongly that it would.

The chairmen of the eight leading Spanish banks backed up this doomday outlook by issuing a joint statement warning that "a result other than 'yes' would have incalculable effects on the country's economic prospects."

In contrast, Mr Jose Maria Cuevas, head of the Confederation of Spanish Business Organizations (CEOE), the main employers' body, which is closer to Popular Alliance, said the outcome of the referendum would have little bearing on the economy.

Some of the Socialists' own experts privately agree. The argument that Spain needed Nato for jobs was "neither serious nor subtle," one of them said. But it was being used because it had more impact than other arguments.

Nato withdrawal would most directly affect arms co-operation programmes and their technological spin-offs. Another threat would be to the availability of advanced technology which the US might regard as militarily sensitive.

Even if the potential economic damage has been overstated, the stage is set for a psychological reaction in Spanish business if the voters say "no" to Nato. Negative opinion polls helped cause a fall in share prices last week after several days of sharp rises.

Mr Gonzalez himself, citing the fact that Spain sends thousands of its exports to Nato countries and receives a similar proportion of its foreign investment from Nato countries, argued that withdrawal would create a climate of distrust among the allies in the EEC and that this would affect the supply of "a series of products" that Spain needed to sustain its industrial progress and employment.

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Gorbachev ends first year as strong leader

MR MIKHAIL GORBACHEV, the Soviet leader, starts his second year in office today after a period of change in which he has transformed the Kremlin's power balance but moved more slowly than many expected towards reform.

Underlining the new leadership's break with the now discredited past, the Soviet press neglected a tradition yesterday in failing to mark the anniversary of the death of Mr Konstantin Chernenko, his predecessor. Memorial articles were issued a year after the deaths of Mr Leonid Brezhnev in 1983 and of Mr Yuri Andropov in 1984.



Soviet leader Mikhail Gorbachev: vigorous personality

took differing stances on an issue that has become a touchstone for Gorbachev's authority - how much the media should discuss wrongdoing in high places and the sensitive issue of officials' privileges.

Several figures from the Brezhnev days, including Mr Vladimir Shcherbitsky, Ukrainian leader, and Mr Dinmukhamed Kunayev, still sit in the 12-man ruling politburo.

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Mr Chernenko, Mr Brezhnev's former aide who headed the Communist Party for 13 months, is seen by the new guard of Kremlin leaders as a symbol of inertia and mismanagement in high places that led the country into stagnation in the 1970s.

debate about how much reform is needed rather than just personal changes to get the country to work."

A senior economist who is believed to be Mr Gorbachev's main adviser, Mr Abel Aganbegyan, last week gave Western reporters a rare glimpse of a high-level debate on how fast to scrap costly subsidies and create new economic levers.

Mr Gorbachev ensured the biggest possible turnover in top party officials in the run-up to the congress, which appointed a central committee for the next five years.

A landmark party congress that ended last Thursday formally blamed the old leadership, headed from 1964 to 1982 by Mr Brezhnev, for the country's economic and moral stagnation.

These emerged mainly from speeches by Mr Yegor Ligachev, the Kremlin's number two, seen as the most traditionalist of the new politburo members, and other figures who stressed orthodox approaches to reviving the economy.

One of the men seen closest to Mr Gorbachev, Mr Boris Yeltsin, the Moscow city party chief, tackled the issue of resistance in the most outspoken of the congress speeches.

Some diplomats believe Mr Gorbachev has moved with deliberate caution on the reform issue to give the huge party apparatus time to absorb the need for change.

Mr Gorbachev's former planning chief, are on the body.

Lockouts and strikes loom in Cyprus

By Andreas Hadjipapas in Nicosia

THE CYPRUS Government was making last-minute efforts yesterday to avert a series of strikes and lockouts threatening key sectors of the economy. It urged both employers and workers to hold "constructive" discussions.

Sweden comes to halt in honour of dead Premier

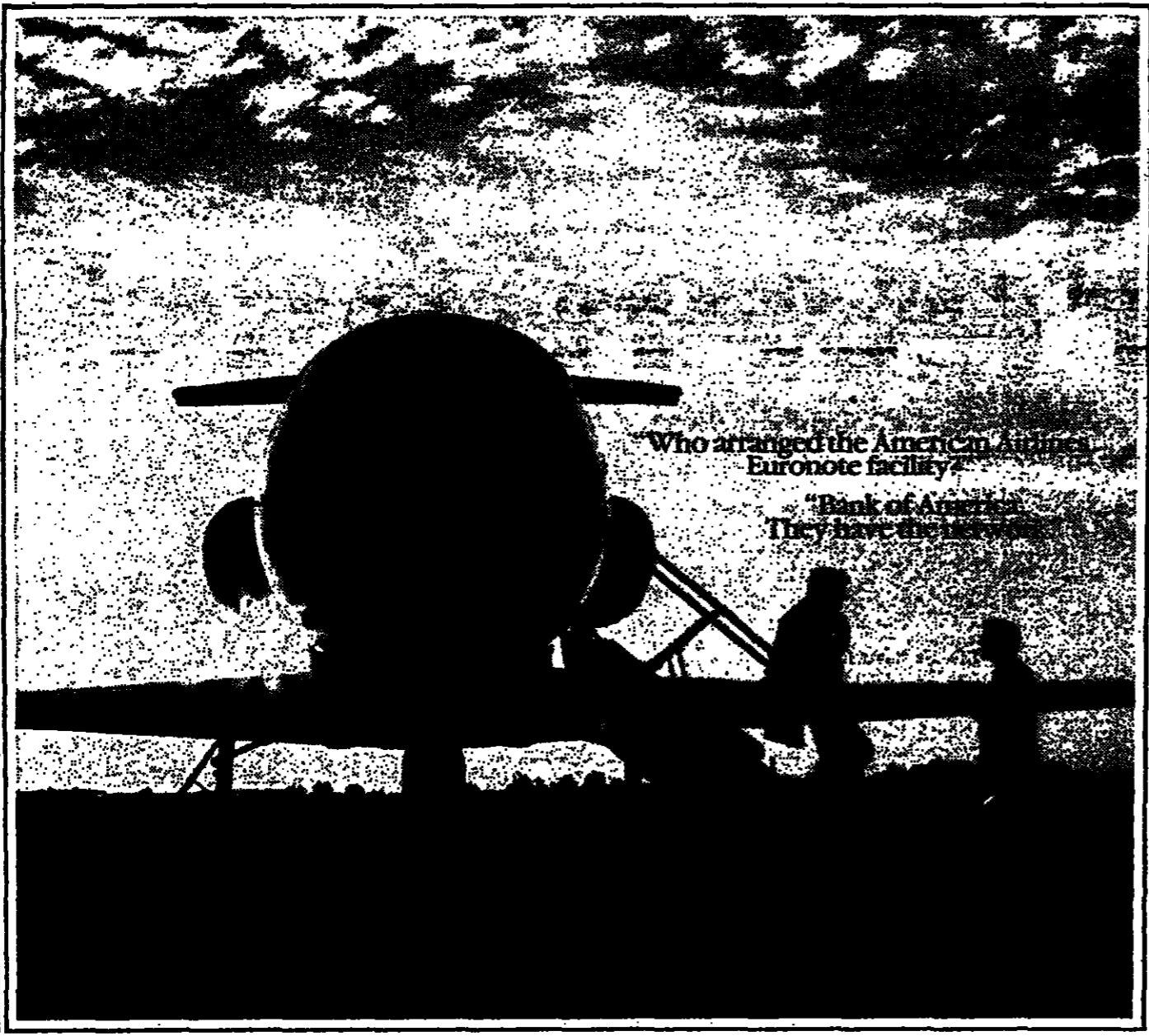
they have not traced the car he is thought to have fled in, and the author of an anonymous letter, who police believe may be an important witness, has still not come forward.

SWEDEN CAME to a standstill at noon yesterday as millions observed a minute's silence in honour of Prime Minister Olof Palme, killed by an unknown gunman on February 28, Renter reports from Stockholm.

Some 20,000 workers engaged in the building industry plan a 24-hour strike on Thursday, while the employers' federation has retorted by announcing a lock-out in five other industries (including clothing, footwear and printing) on Friday.

The minute's silence was also observed during a solemn memorial service in parliament, at which Mr Bengtsson described Mr Palme as a great international statesman and Sweden's most brilliant politician of modern times.

The police still have no firm clues about the identity of the man who shot Mr Palme at close range as he walked home from a city-centre cinema. They have issued a composite picture, showing a man of Middle Eastern or southern European appearance. But



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EUROPEAN NEWS

Stoltenberg says EEC must stick to budget

By Quentin Peel in Brussels

NEW EEC programmes for research and development, billed at more than Ecu 100bn (£67.7bn) over the next five years, were yesterday described as "pure euphoria" in the light of the Community's renewed budget crisis.

BRITAIN yesterday moved to fight the European Parliament decision to give the green light to increased European Community spending.

The member states would not approve any increase in budget contributions in the near future—and tailor its expenditure accordingly.

programme, as "a pre-planned financial crisis." The first debate by the finance ministers on the looming budget crisis underlined the clear division in the Community between supporters and opponents of budgetary discipline.

No smoking Norway plan tabled

By Fay Gjester in Oslo

A PROGRAMME intended to make Norway "smoke free" by the year 2000 was presented to the Minister of Health yesterday by the National Anti-Smoking Association.

Denmark may raise taxes

By Hilary Barnes in Copenhagen

THE DANISH Government is expected to raise indirect taxes within the next few weeks in an effort to stop the rapid deterioration in the trade and current account deficits.

Finnish blue-collar strike likely

By Olli Virtanen in Helsinki

A GENERAL STRIKE by Finland's blue-collar workers which would silence most of the country's export industries as well as ground aircraft and stop all goods in transport on Thursday, looks imminent as mediation between workers and employers failed to produce results yesterday.

(STK). The main obstacle in the dispute is the question of working hours. SAK aims to reduce weekly working hours from the present 40 to 35 hours by 1990. STK is not ready to agree unless SAK is willing to adopt more flexible working hours.

possible although the Board of Aviation says that most of the aircraft could fly. The Im strong SAK says it is prepared to pull out more workers if the strike drags on.

Doubts over US hosting UN

THE SOVIET Communist Party daily Pravda published a commentary yesterday which argued that many countries doubted whether the United Nations headquarters should remain in New York.

have the UN headquarters in the United States? The article charged that the US had for years connived at "a massive terrorist campaign against the UN missions of socialist countries, progressive developing states and national liberation movements."

the US as saying the US actions had "flagrantly violated not only the headquarters agreement between the UN and the US but also norms of civilised behaviour."

Way clear to IMF for Poland

By Christopher Bobinski in Warsaw and Paul Betts in Paris THE AGREEMENT between Poland and its Western government creditors to reschedule more than \$1.6bn in outstanding debt repayments due this year opens the way for Polish accession to the IMF within two months.

W. German SDI talks hit snags

WEST GERMAN negotiations on joining President Reagan's "Star Wars" research programme have run into difficulty and hopes of signing an agreement this month are now fading.

Reached late last week with the Paris club of Western creditor nations, the agreement leaves Poland without payments arrears to either Western government or commercial banks for the first time since the debt crisis broke in 1981.

The Economics Ministry, which began talks with Washington last January, said problems which had arisen over the Strategic Defence Initiative (SDI) put the Government's plans for an accord by Eastern into question.

Thatcher rejects Soviet call for UK nuclear freeze

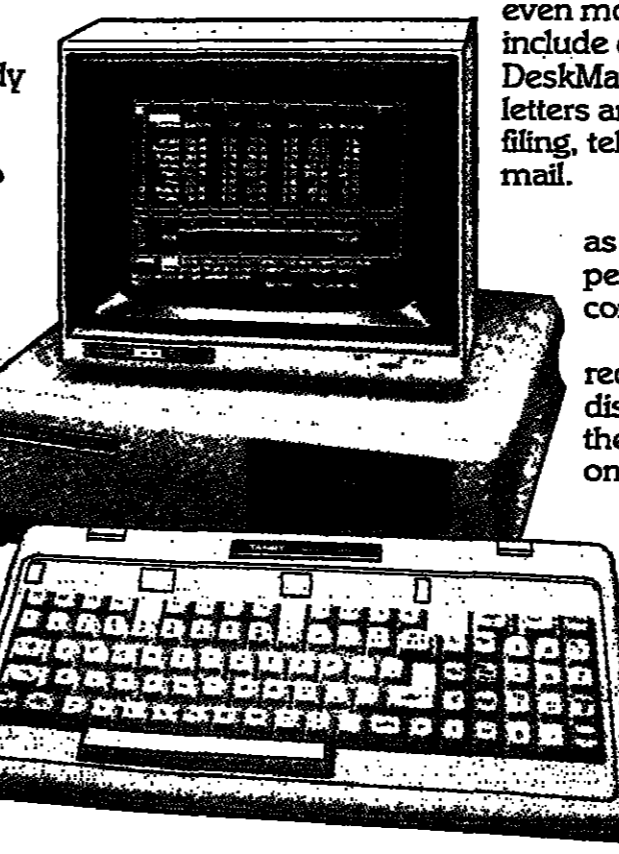
MRS MARGARET THATCHER, Britain's Prime Minister, has sent a letter to Mr Mikhail Gorbachev, the Soviet leader, which is understood to reject key elements of his nuclear arms control proposals pertaining to the British nuclear deterrent force.

tion by the US of any transfer of strategic or medium-range nuclear weapons to the submarine-launched Trident missile ordered by Britain, to other countries. The French Government, too, has stressed that it could not accept such a ban on the modernisation of French nuclear forces.

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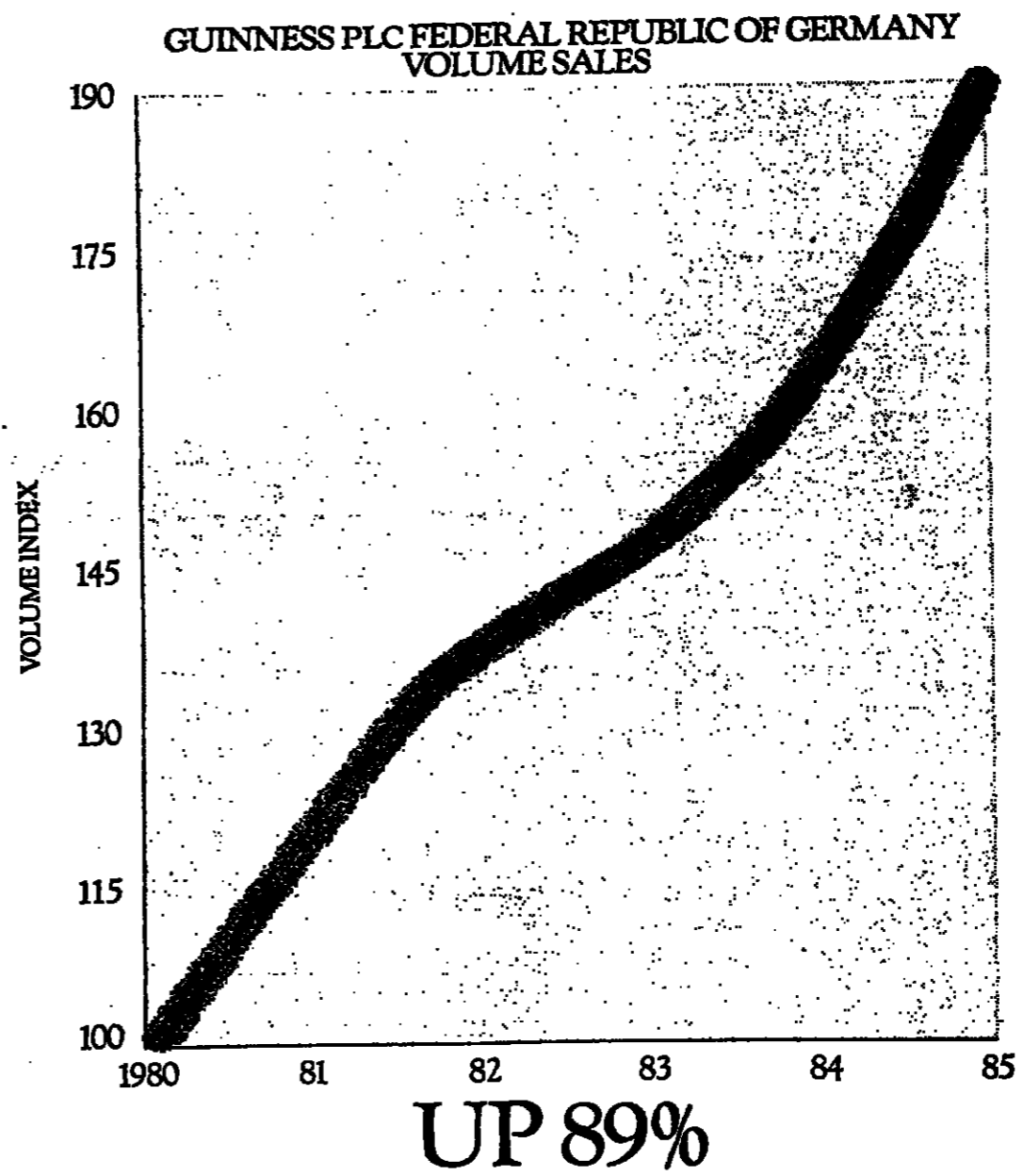
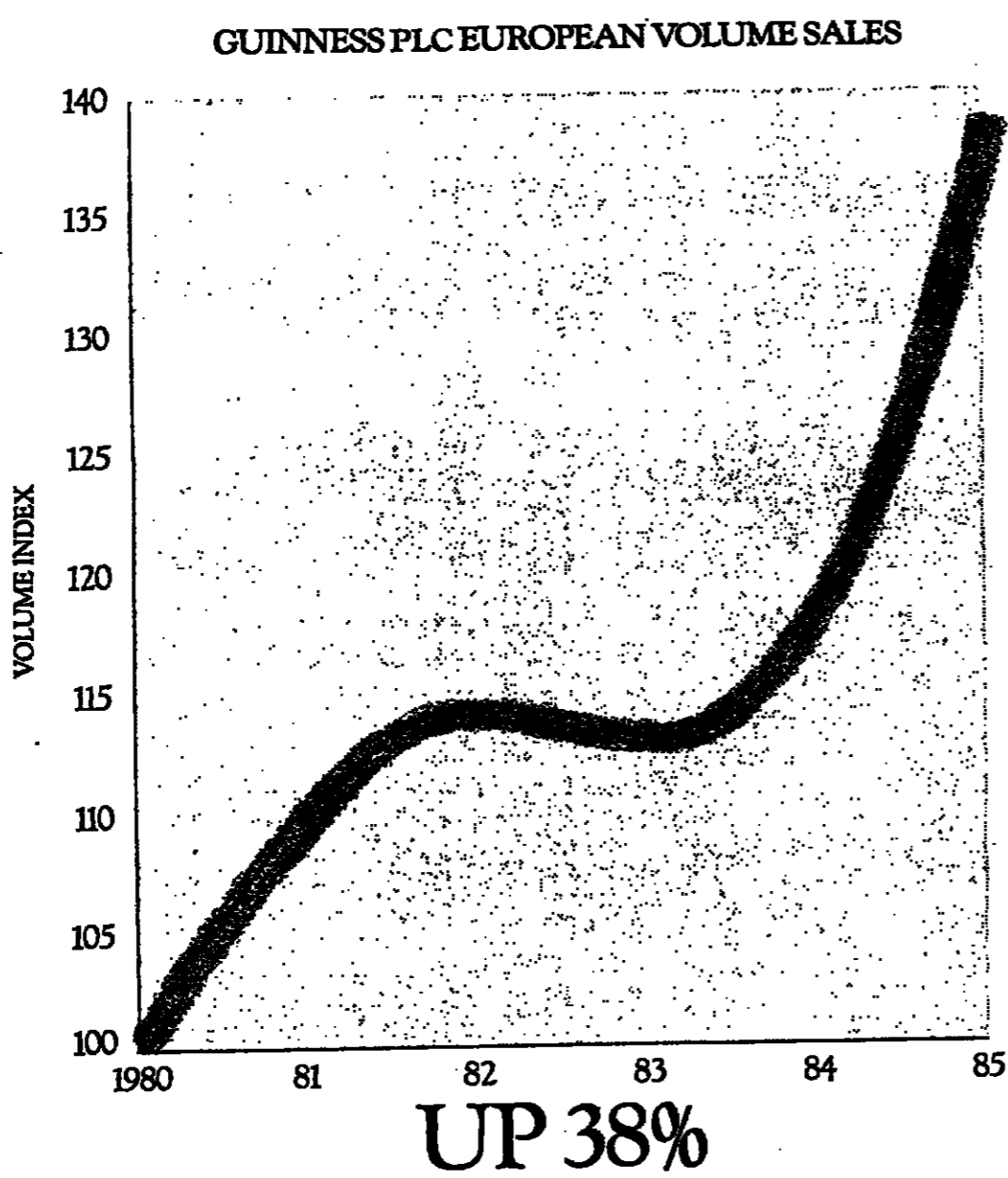
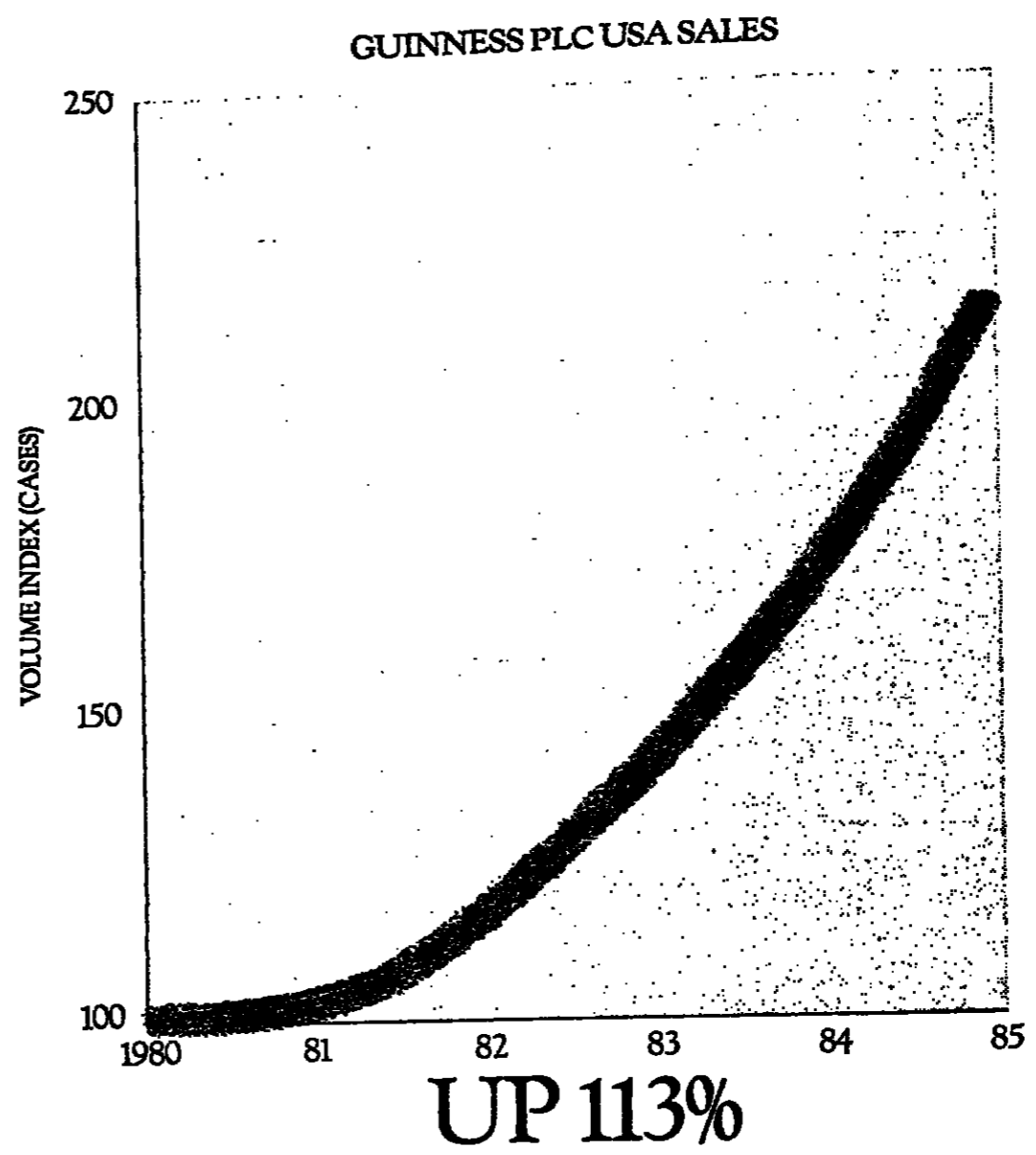
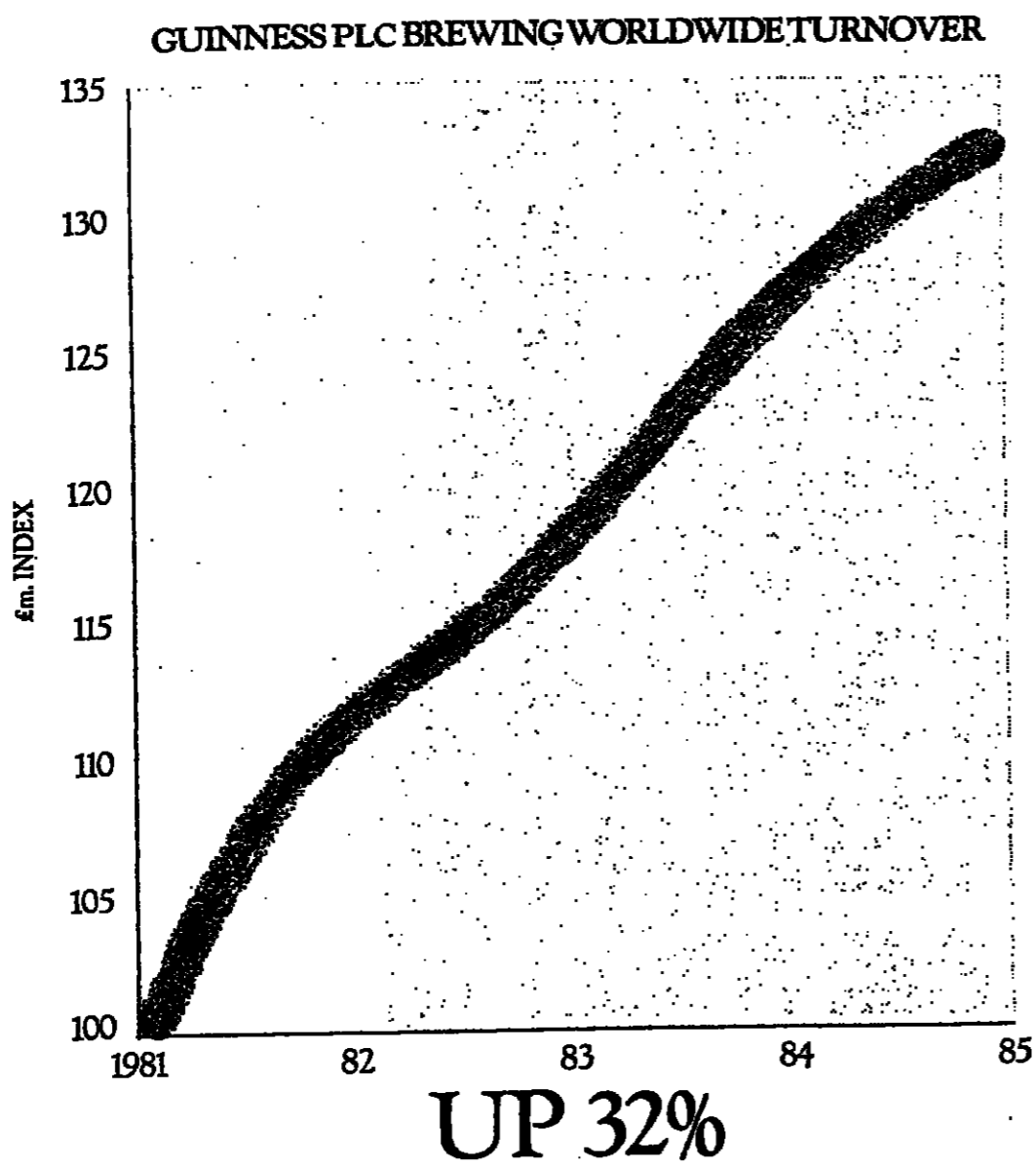
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OVERSEAS NEWS

Aquino accused of setting up a dictatorship

By Alain Cass and Samuel Senoren in Manila

SENIOR LEADERS of Mr Ferdinand Marcos's New Society Movement (NSM) attacked the status of President Corason Aquino's Philippines Government for the first time yesterday, calling it a dictatorship.

The NSM leaders also claimed that Mr Marcos, who fled the country after last month's disputed presidential elections, was still legally president and had been calling them from exile in Hawaii, urging them to stay united.

Mr Arturo Tolentino, Mr Marcos's vice-presidential running mate, led yesterday's attack on the uncertain status of Mrs Aquino's administration which has been vigorously debating whether to declare itself a "revolutionary government" and suspend parliament while a new constitution is drawn up in order to end the confusion.

Mr Tolentino said the new administration was already a revolutionary government "without laws to restrict its authority. There are no limits on it. It is a government of men not laws," he said.

Mr Tolentino warned that the military could depose Mrs Aquino "any time it wanted." He said there were already reports of illegal searches by the military and these would continue because there were no laws to stop them.

Mr Leonardo Perez, the previous government's Political Affairs Minister, described the new government as a "very sophisticated dictatorship."

The NSM was in shambles after Mr Marcos was toppled, is slowly beginning to reorganise and may change its name to erase its tarnished image. It seems bent on exploiting the uncertainty of Mrs Aquino's coalition.

Mrs Aquino is now said to be trying to call a constitutional convention whose members

Chinese join the ADB

By Samuel Senoren in Manila

THE PEOPLE'S Republic of China became the 47th member of the Manila-based Asian Development Bank (ADB) yesterday after completing documentation formalities, including payment of the first instalment of its subscription to the bank's capital stock.

ADB's newest member joins Taiwan, which remains with the bank but whose name has been changed from China to Taipei-China.

China, which applied for membership in the bank in November last year, subscribed to 114,000 shares of capital stock valued at SDR 1.14bn. Of this, about 12 per cent, SDR 136.5m is the paid-in portion with the rest of the shares payable on call.

China's entry boosts ADB's authorised capital stock from SDR 14.5bn to SDR 15.9bn.

China is now the third largest equity holder in ADB. The US and Japan hold equal shares and together hold a 33.5 per cent ownership of the bank.

India comes fourth with 11.2m shares and a voting power equivalent to 6.69 per cent. Taipei-China accounts for just 1.54 per cent of total subscriptions and 1.51 per cent of total votes.

Beleaguered Sudan treads democratic path

By Mary Ann Fitzgerald and John Murray Brown in Khartoum

SUDAN is preparing for its first free elections in 20 years, fulfilling the promise of interim head of state General Abdul-Rahman Swaredahab to return the country to civilian rule one year after the overthrow of former President Jafar Nimeiri.

The transition from dictatorship to democracy will not be easy. This large underdeveloped country, 10 times the size of Britain, has experienced only brief interludes of civilian rule in its 30 years of independence and is still preoccupied with shaking off the trappings of Mr Nimeiri's 16-year military regime.

A number of problems threaten the country: an unprecedented debt crisis, a civil war in the south, and food shortages that could put 3.6m people's lives at risk.

Sudan's political spectrum now embraces 47 political parties, many of which have sprung up in the past few months, in preparation for voting beginning on April 1. Campaign issues are little discussed and party platforms are amorphous.

The parties are as yet untested, and most of the 10m voters are going to the polls for the first time. They are likely to cast their ballots along religious lines rather than political ones.

Political observers are expecting the right-wing Umma Party to win the lion's share of the vote. Its leader, the Oxford-educated Mr Sadiq el-Mahdi, is one of the few contestants to have had previous political experience, briefly as Prime Minister in the 1960s.

He is better known however for carrying the mantle of the religious Ansar sect, passed down through the family from his great grandfather, who rose in rebellion against General Charles Gordon in 1883.

The Mahdi, who claimed to be the messianic true believer, is still a name to conjure with in Sudan. It was he who rebelled against the domination of Egypt and Britain, an uprising which led to the death of Gen Gordon and the subsequent fall of Khartoum—a rebellion which was not suppressed until the battle of Omdurman in 1898.

Politically, the Ansar sect still stands for an Islamic Sudan independent of wider pan-Arab influences and Egypt in particular. The opening of the Umma party headquarters in January in Omdurman was held on the anniversary of the Mahdi's triumphant entry into Khartoum.

While Mr el-Mahdi, who has chosen Aba Island (given to his family by Gen Kitchen) as his constituency, is regarded as the most likely candidate to be the next civilian Head of State, it is generally thought he will lead a coalition Government, a point that Gen Swaredahab recently underlined.

"Sadiq el-Mahdi is keen not to



Gen Swaredahab... handing over

be runner-up to Umma. It enjoys close ties with Sudan's more conservative benefactors such as Saudi Arabia, Kuwait and Egypt, as well as the United States.

The Umma party, on the other hand, is known to have had good relations in the past with Col Muammer Gaddafi, the Libyan leader, who afforded party followers a base in his country when they opposed Mr Nimeiri.

The wild card in the political pack is the fundamentalist Islamic National Front, formerly the Moslem Brotherhood, which was responsible for the introduction of Sharia law under Mr Nimeiri. INF party leader Dr Hassan Turabi was one of the chief advocates of the more radical aspects of Sharia, including the amputation of limbs as a punishment for theft.

The party has dropped its old name in a bid to distance itself from the unpopular Nimeiri legacy. The INF still retains support, especially among university students, the bureaucratic backbone of the former government and young army officers.

The bewildering array of parties, from Arab nationalists to moderates, are, however, united on the two most crucial problems facing the country. They are implacably opposed to the International Monetary Fund, which declared Sudan ineligible for aid earlier this

month when it failed to meet a timetable to pay \$252m of debt arrears.

The IMF conditions of devaluation and lifting of price controls were largely responsible for Mr Nimeiri's downfall. Sudan is now cut off from the aid needed to manage its \$9bn external debt obligations and resuscitate an almost bankrupt economy.

Almost all the parties are keen to sue for peace with the Sudan Peoples' Liberation Army (SPLA), which revived a rebellion in the south against the predominantly Arab north in 1983. Col John Garang, the SPLA leader, is proving truculent, however.

He has given short shrift to a series of government delegations despatched to his headquarters in neighbouring Ethiopia and is seeking greater economic benefits for the underdeveloped south along with the repeal of Sharia law.

Col Garang has stated that he will not take part in the forthcoming elections, thus putting their credibility in doubt. His forces are quite capable of preventing elections being held at all in much of the south.

Without a peace agreement, therefore, whatever government came to power would have to address itself to the reality of once again being identified as a predominantly Arab, Moslem administration from the north facing an increasingly alienated south.

Barclays to play key role in Nigeria debt talks

By Michael Holman and Patti Waldmer

BARCLAYS BANK has been asked by Nigeria to chair a steering committee of commercial banks due to meet government officials in London on March 26 for the first round of talks on rescheduling the country's \$7bn (£4.7bn) medium and long term bank debt.

The talks follow Nigeria's announcement in its January budget that it would place a ceiling of 30 per cent of 1986 export earnings for the servicing of its external debt, and would seek rescheduling of total medium and long term debts amounting to some \$12bn.

Barclays said yesterday that it was telexing Nigeria's request for a meeting to 19 banks in Europe and the US.

In a separate development which will be closely watched by both banks and creditor governments, talks were due to begin in Lagos this week between a team from the International Monetary Fund (IMF) and Nigerian finance officials. The visit is described by IMF officials as part of routine Article Four consultations which deal

with technical issues, and do not constitute a resumption of negotiations which were suspended last December for a \$2.5bn loan.

The visit is nevertheless seen by bankers as providing the opportunity for informal discussions which could pave the way towards the resumption of negotiations. Government creditors have made it clear to Lagos that an agreement with the Fund is a precondition to rescheduling of their portion of the external debt which includes some \$2bn in insured trade debts covered by export credit agencies.

Nigeria's bank creditors have not laid down a precondition to this month's talks.

Agreement with the banks would reduce 1986 debt service payments by some \$1.8bn out of the estimated obligation of \$4.4bn.

This will ease Nigeria's debt crisis, but most bankers and economists believe Nigeria will also have to pursue negotiations with Government creditors if it is to meet the 30 per cent target set for debt servicing.

Uganda calls on donors to support relief plan

By Catherine Bond in Kampala

UGANDA'S new Government has called on foreign donors to support a \$160m (£106m) emergency relief and rehabilitation programme designed to be implemented in the next three to six months.

Dr Samson Kisekka, the Ugandan Prime Minister, launched the appeal for substantial aid in Kampala yesterday. He emphasised priorities of transport and emergency foodstuffs, but said it was against National Resistance Movement (NRM) policy to accept food aid as such. Apart from salt and sugar, food could be purchased locally with donated funds.

The programme aims to provide short term assistance to an estimated 1m displaced people, to restore services disrupted by war and fund input for domestic industries.

Dr Kisekka told diplomats and representatives from aid agencies and international organisations that an aid co-ordination committee would be set up to ensure effective implementation of the programme which will be regularly reviewed at Cabinet level.

Potential donors have received a "shopping list" of vital drugs for hospitals and animal health and equipment for agriculture, power and water supplies, construction, road maintenance and schools.

Some donors expressed reservations about funding goods outside the framework of their own projects. Uganda already has large sums of undisbursed funds from the World Bank alone has \$2m committed to projects—but most of it is geared to long term development.

Nine die in Zulu battle

SOUTH AFRICAN police yesterday reported nine blacks dead after a Zulu tribal battle in Natal and another two dead in anti-government protests in the Eastern Cape. Reuters reports from Johannesburg.

The nine were killed yesterday in fighting between factions within the Zulu tribe, a police spokesman in Durban said. He said several firearms were seized following the violence, suspected to be over an old dispute concerning a woman. He gave no further details.

Four blacks also died at the weekend in continuing unrest, despite President P. W. Botha's assertion, last week that the

violence had calmed sufficiently for Friday's lifting of emergency rule imposed last July.

At least 7,000 black miners were on strike at Blyvooruitzicht gold mine after a sit-down underground, according to Rand Mines.

The National Union of Mineworkers said 10,000 miners were involved and were dissatisfied with a bonus system at the mine, which last year produced over 14 tonnes of gold.

Rand Mines said trouble began on Monday night when the night shift went underground but refused to work. The same thing happened yesterday morning with the day shift, a spokesman said.

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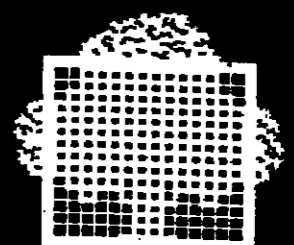
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TECHNOLOGY

THE FEROCIOUS international race to cram ever more electronic circuits onto a silicon chip is about to enter a new and highly risky phase that could have a decisive impact upon the structure of the semiconductor industry worldwide.

At stake is the multi-billion dollar market for a new generation of "megabit" memory chips. The first such devices now entering production can store 1m bits of computer data, four times as much as the components they are designed to replace. But even before the market for these megabit chips is established, US and Japanese semiconductor manufacturers are drawing up plans to launch, as early as next year, four megabit memories, with four times more storage capacity again.

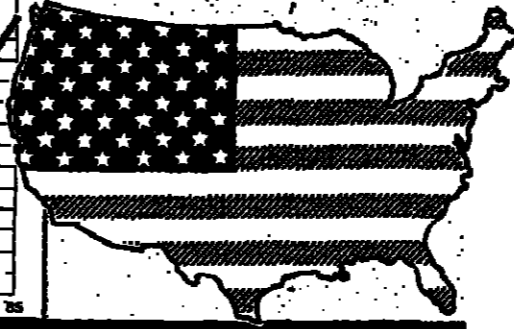
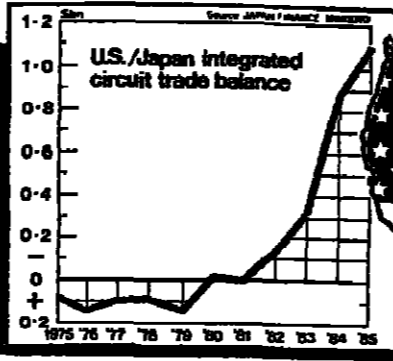
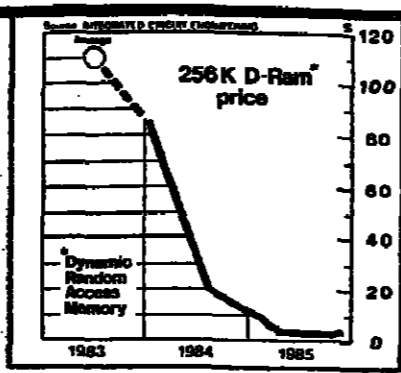
The megabit memory contest not only stretches silicon chip technology to its limits, but the massive investments in development and production equipment required to compete, and the very significant risk that even the "winners" may never recoup their costs, also makes this market for these megabit chips a severe test of commercial staying power.

Indeed it may decide, once and for all, whether the battered US semiconductor industry has any chance of survival in the world market for dynamic random access memories (d-rams) which is forecast will total \$6bn by the end of this decade.

Over the past few years, the American semiconductor industry has been driven into steady retreat from the d-ram business by relentless competition from Japanese manufacturers who increased their market share from only 5 per cent in 1980 to a current commanding 90 per cent.

Several leading US chip makers including Intel, National Semiconductor and Motorola have pulled out of the d-ram business altogether while others have cut their involvement. As a result, Texas Instruments is the only large American supplier still seriously trying to meet Japanese competition head on.

A major problem facing all d-ram manufacturers is sharp swings in the market. Last



All to play for in \$6bn chip market

Louise Kehoe, in San Francisco, and Carla Rapoport, in Tokyo, report as the US and Japan rush headlong to be first with the new generation in semiconductor storage

year plummeting prices and soft demand decreased worldwide sales to \$1.2bn from \$3.5bn in 1984, according to Dr Daniel Klesken, semiconductor analyst with Montgomery Securities, a San Francisco brokerage house. In the 12 months to the middle of last year the price of a 256K d-ram dropped by 80 per cent.

D-ram prices are inching up and the market is expected to grow to about \$2bn this year. But whether this is enough to enable suppliers to make money from the business is uncertain.

Why then, the headlong rush into megabit chips? The acceleration in d-ram technology development is being forced along by the same economic factors that have pushed prices down and put several manufacturers out of the business. Basically, d-rams are a commodity product whose price is especially sensitive to changes in supply and demand.

New chips can rise above the commodity status and command premium prices—for a while. Manufacturers who enter a new chip generation first can enjoy those higher prices and higher profit margins for longer than their competitors.

The pace of d-ram technology development has also been quickened by trade disputes between the US and Japan, in which the Japanese chip makers have been charged with "dump-

ing" d-ram chips in the US.

These charges, if proven, may result in stiff dumping duties being imposed upon Japanese-made d-rams exported to the US, the largest semiconductor market. Such duties would apply to current products, but not to future generations of d-rams.

This has given the Japanese a strong incentive to move ahead with development of four megabit and even 16 megabit

d-rams which would not be covered by such dumping duties.

There are, however, also solid technological reasons for staying in the d-ram business, even if the economic rewards are uncertain.

"D-rams are a technology driver," says William Sick, president of the semiconductor group at Texas Instruments (TI). Made in very high volumes, they are used to hone

new semiconductor process technology, he explains.

"We need to be in the d-ram business to be good at high density metal oxide semiconductor technology," he states. The technology developed for d-rams has broader applications in other types of semiconductor chips. Indeed, TI has already spun off its technology used in "megabit memory chip to develop a range of high-speed logic devices.

Megabit chips will also add significant capabilities to personal computers enabling them to run more sophisticated programs designed for ease of use. In addition, the original d-ram customers—makers of big mainframe computers—still seem to have an insatiable appetite for ever denser memory chips. "The need for data storage devices will continue to rise for the next decade," predicts Mohan Rao, senior vice president working on semiconductor developments at TI.

Another promising market trend is the development of special versions of d-rams. Some applications, such as engineering computers, benefit from super-fast d-rams. The television applications of d-rams may be served with special video-rams that incorporate purpose built interface circuits. "We are moving from the classic commodity market toward about eight different application sectors," says Mr Rao.

Chip makers hope that each variety of "specialty" d-ram will carry a premium price. But the pot of gold at the end of the d-ram rainbow is what fascinates chip makers most.

Currently as many as 18 companies are reported to be selling samples of megabit memory chips, but in the four megabit race three companies are way ahead—Texas Instruments, of the US, and Toshiba and Nippon Electric, of Japan.

Each claims that it is ahead of the others. Toshiba, which has recently become very

The good news is FERRANTI Selling technology

aggressive in its efforts to overtake competitors, is expected to deliver four megabit d-ram samples to customers before the end of this year. Texas Instruments says it will have small quantities of its four megabit chip one year from now, while at Nippon Electric, Shigeki Matsue, general man-

The Technology Page on Friday will examine the progress of Megaproject, the European research programme in megabit technology

ager of the memory products division, says "We are the most advanced among the companies developing four megabit d-rams."

Getting to market first, however, is only the first hurdle in the four megabit race. "You need to have deep pockets and nerves of steel to succeed in the d-ram business," observes Bill McClean, of Integrated Circuit Engineering, a US market research group.

Technical hurdles in the megabit race

BEFORE chip makers can even reach the starting line of the grueling megabit chip race they have several technical hurdles to clear.

The most significant, according to Mohan Rao, senior vice president in charge of advanced semiconductor developments at Texas Instruments, is the switch from "metal oxide silicon" (MOS) technology to "complementary metal oxide silicon" (CMOS).

MOS has been the technology of choice for memory chips since the dynamic random access memory (d-ram) was invented over 12 years ago. But chip makers are being forced to switch to CMOS because it uses less power. This means less heat, which becomes a critical factor when a million memory cells are all jammed onto a chip the size of a fingernail.

The megabit ram also crosses a new chip density barrier. The micro-miniature circuits on megabit d-rams will be just one micron wide—less than half the size of current devices.

Chip makers say they will achieve the new line widths using the same lithographic methods used to produce other chips. But the tolerance for error will have to be much smaller.

That is going to be particularly difficult since megabit rams have arrived just as the

semiconductor industry is adapting its production processes to bigger silicon slices—the basic material used to make microchips.

The situation is further complicated because, there just is not enough room for 4m memory cells on a single chip. Even when patterns are shrunk to less than a micron, the chips would be too big.

So chip makers, like city planners, are turning to multi-storey structures to cram more devices into a limited space. Instead of building upward, however, they are digging "trenches" in the silicon substrate to make room for more devices. NEC, Toshiba and Texas Instruments has each taken a slightly different approach, but all agree that conventional "planar" structures just will not work at 4 megabits and above.

Both NEC and Texas Instruments have implemented the "trenched" approach in their 1 megabit chips. Toshiba still has to build a trenched chip, although it too acknowledges the need at 4 megabits.

Mr Rao, at Texas Instruments, explains that his firm chose to move to trenched capacitors early because developing the technique was also important for TI's logic chips. Now TI is concurrently introducing logic and memory chips based upon the new process.

24-hour cash for those at work

By Geoff Charlsh

WHEN the law is changed, probably before the summer, employers will no longer be obliged to pay wages in cash where employees have insisted.

Many working people will still want immediate cash, however, and the solution comes in the form of Company Cash, a card and dispenser system devised by NCR which companies can install for about £20,000. The package includes an NCR 5070 cash dispenser, software, training and a starter pack of supplies.

With the unit placed in a convenient position in office or factory, employees will be able to draw variable amounts of cash at any time of the day or night. They will use a card rather like a conventional bank cash card, but which will operate only with the employer's dispenser.

The card will carry the customary magnetic stripe on which the holder's bank account number, his personal company number and the amount he is allowed to draw each week will be pre-recorded.

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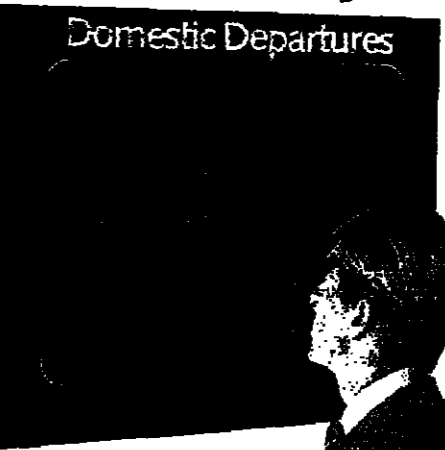
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UK COMMUNITY PROGRAMME

The other army awaits Lawson's manoeuvres

By Alan Pike and Nick Garnett



Mr Nigel Lawson, Chancellor of the Exchequer

primarily as a means of getting people off the unemployment register.

There is evidence, however, that in spite of its drawbacks the long-term unemployed see it more positively than this. Steven Wolstencroft, a former civil engineering worker who is now a project co-ordinator in Rochdale, estimates that half the manual workers on the programme would lack the concentration to hold down proper jobs even in better economic times.

"But the rest are just ordinary blokes—good, straightforward hard workers and I think the scheme can help some of these get work while picking up a few extra skills."

The most recent MSC research shows that 25 per cent of the long-term unemployed go into jobs immediately after leaving the Community Programme. Eight months after leaving, 81 per cent are in employment, 3 per cent on training courses, 3 per cent on another Community Programme project and 55 per cent unemployed.

These figures, say MSC officials, suggest that the programme roughly doubles the chances of long-term unemployed people being likely to find conventional work. Most employers much prefer to offer vacancies to people with a recent work record.

Lord Young, Employment Secretary, has told the MSC he wants to see future Community Programme projects focused on such areas as energy conservation, crime prevention and tourism enhancement "so that maximum benefit is obtained

Most employers look for a recent work record

both by long-term unemployed people and by the community." The MSC is also, with the help of the Confederation of British Industry, looking at ways of increasing the involvement of private sector companies.

This could take several forms. Some companies might second managers to the Community Programme, while others could run schemes alongside their normal businesses, broadening the scope of work experience available.

Whether the Community Programme is the Chancellor's best buy, however, is a broader political question. "Why are you cleaning up your graveyards when your roads are falling apart?" asked a West German businessman, calling at a Manchester city centre bank.

Government are much lower than the MSC's gross costs, however, because of benefit savings. Mr Ian Charlesworth, who supervises the programme for Rochdale District Council—one of the biggest Community Programme agents in the North-West—is convinced that the scheme brings hope to many people. "It increases the chances of employment for those out of real work for a very long time, and it carries out work for the local community that wouldn't have a cat in hell's chance of being done."

Many of the workers on Rochdale's Community Programme projects—men preparing allotments, and laying paths in beauty spots, women running creches or making cuddly toys for playgroups—say the main benefit is to their morale. "It gets you out of the house and stops the boredom," says Vere Worrell, a trained chef and now a Community Programme chargehand tidying up a graveyard.

Launched in 1982, the Community Programme, has much in common with temporary work schemes in other European countries.

MSC officials acknowledge criticisms that some of the temporary work provided on the programme is not particularly imaginative. One problem is that the group

RISES in the underlying unemployment trend for the past three months have renewed pressure on the Government to provide further assistance for Britain's 3.4m jobless people in the Budget on March 18. Of this total more than 1.3m have been without work for at least a year, and some 500,000 of these have not had jobs for three years or more.

The most obvious Budget option is to extend the Community Programme for the long-term unemployed. This currently employs an army of 186,000 people on socially worthwhile projects—a greater number than the 162,000 people serving in the Army itself. By June there will be 230,000 filled Community Programme places.

But controversy still surrounds the programme. Does it lead its participants to better prospects of proper jobs? Or is it a way of getting community work done on the cheap, and taking people out of the unemployment figures?

Mr Ian Lang, a junior Employment Minister, went to Shropshire recently to present an award to the 500,000th entrant to the programme. By happy coincidence he found entrant 500,000—19-year-old Justine Stewart from Telford—carrying out archaeological work for the Ironbridge Gorge Museum Trust.

This impeccable project, with its historical, educational and social significance, illustrates how a successful Community Programme scheme can both broaden the horizons of those taking part and benefit the wider community.

But there is concern that not all projects reach a standard

Not all projects are worth a minister's visit

which is likely to attract ministerial visits. Many involve a large amount of repetitive, unskilled manual work.

The Manpower Services Commission, which runs the initiative, had hoped to compensate for this by developing a regime of training on the Community Programme. But financial constraints have put a stop to that.

Most Community Programme schemes are run by local authorities or voluntary organisations. Projects last for up to a year and are generally open to all long-term unemployed people—those below the age of 24 need have been out of work for only six months rather than a year.

Next year the MSC will be spending more than £1bn on the programme, 35 per cent of its 1986-87 budget. Net costs to the

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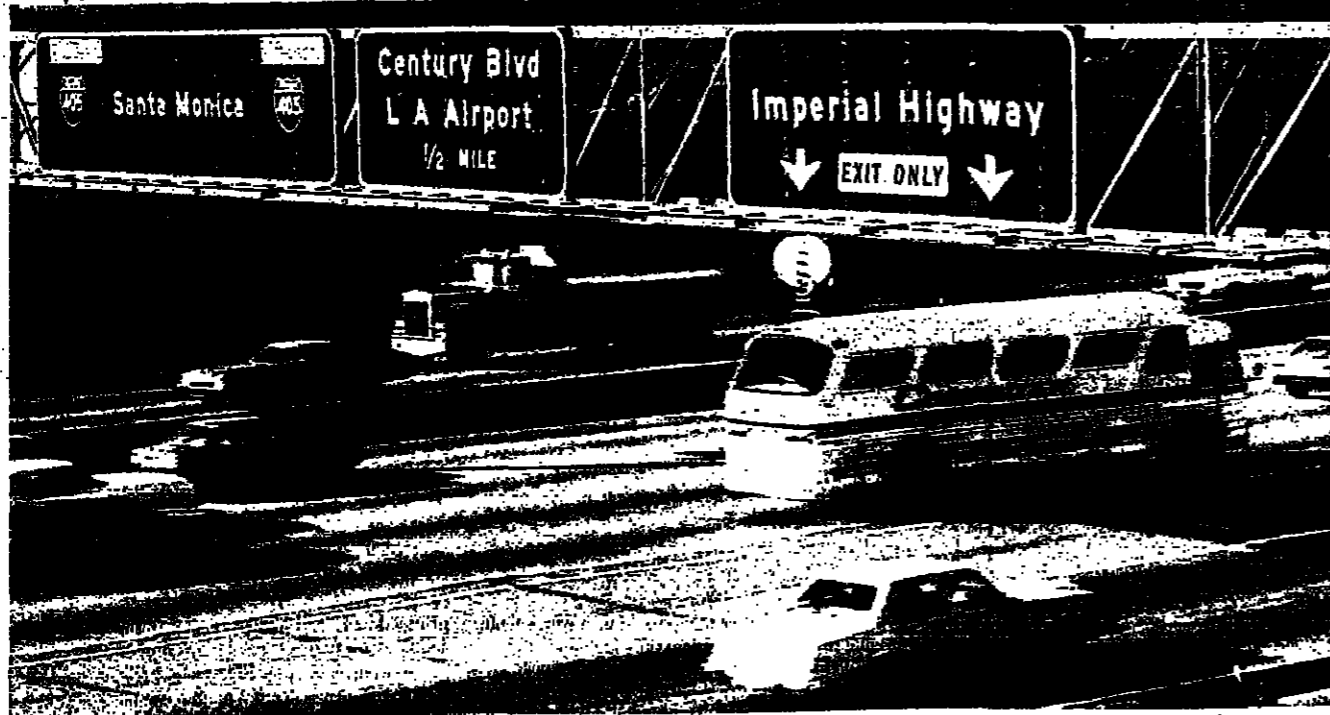
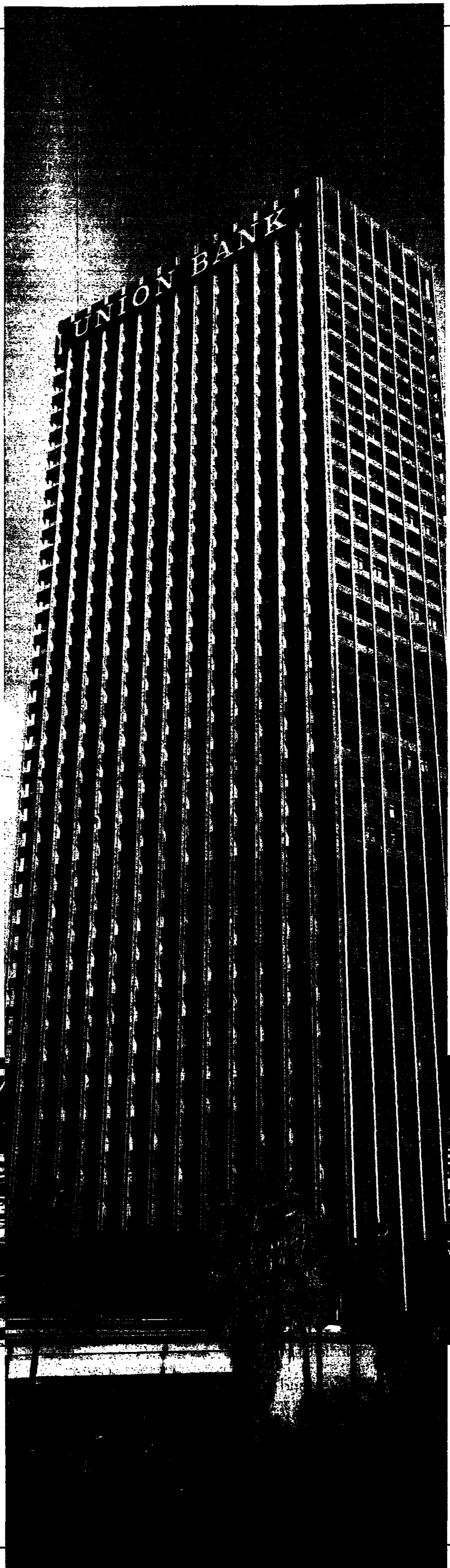
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UK NEWS

Hazel Duffy assesses the impact on industry of the recent fall in sterling's value
Exporters look for improved profits

STERLING has fallen by 13 per cent against the European basket of currencies over the past five months. Against the dollar, the saw of the first half of the 1980s has evened to relative stability in the past few months. Energy prices are falling, most remarkably for oil, but gas and electricity prices charged to big industrial consumers are also coming down.

All the indicators would seem to be telling British exporters: the benefits are there for the taking, now make the most of them.

The response by businessmen - particularly those exporting to continental Europe which now takes nearly 60 per cent of Britain's exports, and those competing with continental exporters in third markets - is that the exchange rate will make life a bit easier.

So too will lower energy costs, although businessmen point out that their competitors are also enjoying the same benefits while electricity prices in Britain are still generally higher than in most other European countries.

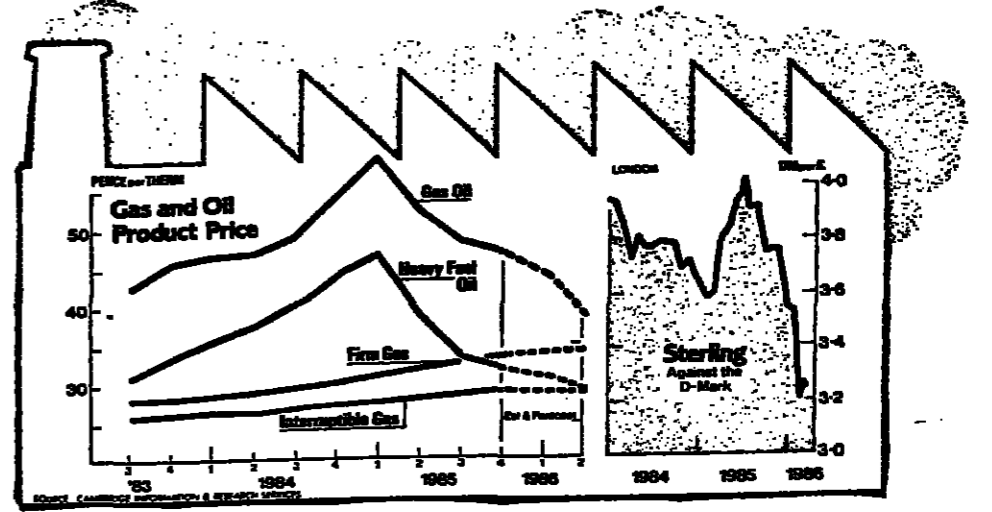
But long years of experience of sharply fluctuating exchange rates have resulted in judicious caution.

"We've been wrong so many times before," says one big capital goods manufacturer. It adds, however, that this time there is more confidence that the rate against the D-Mark will stick - sterling has fallen by nearly 20 per cent against it in the past six months.

The capital goods sector, where lead times are much longer than in consumer goods, is not likely at this point to make investment policy decisions stemming from the recent fall in sterling.

Analysts and economists forecast that the effects will flow through to profits quickly. Baker Perkins, the Peterborough-based manufacturer of printing, chemical and food machinery, agrees.

"Some increase is going to come through as a result of being able to



secure better margins in those markets where we are competing with the Germans, French and Italians - although how much depends on what extent we also plan to go for greater volumes, and also what our competitors decide to do," it says. "Will they cut margins to compete, or will they take the view that margins are already so squeezed that they will leave prices alone for now?"

Baker Perkins, like many other companies, also points out that gains in European and third markets can be quickly offset by increased difficulties in selling into the US since sterling appreciated from its low point against the dollar early last year.

The Dowty Group, mining machinery and aerospace components manufacturer, has faced a long uphill battle against German companies which are its main competitors in deep mines equipment. "We're not going to cut our margins so as to tempt American customers," it says. "And when we're talking about delivering goods six months after taking the order, it would be foolish to be making price adjust-

ments on the basis of today's exchange rates."

British companies have become more sophisticated on exchange rates. Most engage in currency hedging if they are highly dependent on exports, particularly if one market dominates - as for Jaguar and Rolls Royce. Increasingly, they try to anticipate fluctuations.

Laura Ashley, for example, imports much of its cotton from West Germany but it balances the increased cost of this by expanding its retail outlets in that country, and to a lesser extent in the Netherlands and Switzerland where it also has manufacturing. Cotton imports from South America and China are denominated in dollars, but fluctuations in the dollar exchange rate are evened to some extent by retailing expansion in the US.

Johnnie Walker, the Distillers whisky subsidiary which sells in over 180 countries, invoices all its sales outside North America in sterling. The group irons out some of the inevitable fluctuations by allocating a large part of its marketing budget also in sterling. "Price stability is most important, not price

cutting and rises following on exchange rate shifts."

All industrial sectors will gain from the energy cost cuts but some much more than others. Bulk chemicals, and plastics - for which fuel oil and naphtha are the feedstock - are particularly well placed but other energy intensive sectors - such as paper, aluminium and steel - will also gain. Add to this the exchange rate advantage in chemicals, where Germany is the major competitor in a highly price sensitive product, and the sector should seem to be bullish.

But ICI, one of Britain's top three exporters, emphasises that its competitors are also enjoying lower energy prices. As for exchange rates, it says, "They're so very unpredictable." ICI attributed a £100m windfall from this source in 1984 and a negative £50-70m impact on its results last year. The group concedes, however, that the D-Mark appreciation "will help us to hang on to market share."

Economists warn against expecting exchange rate changes to feed quickly into export statistics.

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Unions under Labour 'should set pay target'

By Our Labour Editor

TRADE UNIONS under a Labour government should reach pay settlements 2-3 per cent lower than now - at, or 1 per cent above, the rate of inflation, Mr David Bassett, chairman of the Trades Union Congress (TUC) economic committee, said last night.

In a lecture to the Employment Institute he firmly linked the roles of the unions and of bargaining to increasing employment. His statement, emphasising the complexities and the problem-solving nature of collective bargaining is the furthest a union leader has yet gone in moving towards the idea of a specific pay target under Labour.

Collective bargaining over the last few years had fairly consistently delivered pay rises of 2-3 per cent above inflation. Mr Bassett said: "The conclusion I would draw from this is that it would be quite possible to discuss and agree a target for wage growth which could find quite ready expression in wage bargaining."

Health service charges to increase by 10%

BY ROBIN PAULEY

NATIONAL HEALTH Service charges for medical prescriptions will rise by 10 per cent from £2 to £2.20 for each item from April 1, Mr Barney Hayhoe, Health Minister, said yesterday.

The cost for people needing regular prescriptions will also rise by 10 per cent. Dental and optical charges will not be increased.

The announcement of the rise was heard in silence in the House of Commons in contrast to last year's statement when MPs shouted "roses" and "disgraceful" as Mr Norman Fowler, Social Services Secretary, raised charges by 25 per cent from £1.60 to £2.

Mr Frank Dobson, opposition spokesman on health, said no other commodity had suffered the 11-fold increase imposed on medical prescriptions since Mrs Margaret Thatcher, the Prime Minister took office in 1979. He said the poor would be hardest hit.

This is the eighth rise in medical prescription charges since the Gov-

ernment took office in 1979 when the charge per item was 20p.

In the latest Public Expenditure White Paper, (policy document), the Treasury estimates that inflation as measured by the GDP deflator will rise by 4.5 per cent in 1988-89. The paper indicates that income from family practitioner charges overall will rise by 5.5 per cent.

Mr Hayhoe said yesterday that although the 10 per cent rise was greater than the rise in general inflation it was in line with the rising cost of medicines. "Better and often more expensive medicines are being prescribed," he said.

Those currently exempted from paying medical prescription charges will continue, including people with low incomes, the unemployed children and pregnant women.

Mr Dobson said the present level of prescription charges deterred poorer people who did not qualify for exemption.

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UK NEWS

Philip Bassett reports on new agreements reached with the print unions by the Financial Times

Sunday Times sets sights on 200-page paper

BY RAYMOND SNOODY

NEWS INTERNATIONAL plans to increase the number of pages in the Sunday Times until it is a 200-page paper, rivaling the New York Times in size.

The expansion plan for the newspaper was agreed yesterday by Mr Rupert Murdoch, News International chairman, at a strategy meeting in London.

Mr Andrew Neil, the Sunday Times editor said yesterday: "It is the New York Times that the Sunday Times is now heading for in terms of the quality of its journalism and its size. We are going to expand the size of the Sunday Times bit by bit until it becomes the dominant quality newspaper in this country and maybe even in northern Europe."

News of the expansion came as News International announced pre-tax profits of £24.47m in the six months to the end of December, sharply up on the £18.7m figure for the same period last year. The directors said they did not think that the present dispute with the print unions over the move to Wapping in the London docklands, would seriously affect second half results.

News Corporation, the News International parent company, yesterday reported a 125 per cent increase

in profits for the same six month period to AS131m (£83.2m) from AS56.4m on a turnover increased from AS1.08bn to AS1.69bn.

Apart from Mr Murdoch's British newspapers, the higher group earnings resulted from the acquisition of business publications in the US and revenues from Twentieth Century Fox, the US film studios acquired in 1985, the company said. Mr Neil told a conference on the future of Fleet Street, yesterday that by the autumn the Sunday Times would be pre-printing 96 pages with a minimum of 24 produced on Saturday nights, a figure that would later rise to 32.

"By the end of the year you will I hope, be buying a 144-page Sunday Times plus a colour magazine," Mr Neil said. By the end of 1987 he said he hoped the total would be 200 pages, with perhaps two colour magazines with pages being printed throughout the week.

Mr Neil also talked about morale at Wapping and the difficulties of reaching any deal with the print unions. "If the print unions showed any sign that they realised they had lost and were prepared to talk about civilised surrender terms then we are ready to respond. But we see no sign of that yet," Mr Neil added.

MR Rupert Murdoch's Wapping plant - razor wire, security guards and picketing - is one way to do it. Mr Eddie Shah's Today - a greenfield site for a newspaper completely set by computer technology - is another.

Yesterday, the management of the Financial Times demonstrated a third: careful, patient, negotiations leading to agreements which are, even in the light of Wapping and Mr Shah, radical enough to constitute a major breakthrough for a traditional newspaper.

In some respects - by printing in West Germany, then later in the US, in addition to production in London - the FT has quietly been forging into the future for some time. But the giant leaps away from the traditional Fleet Street methods first by Mr Shah, and then by Mr Murdoch's News International, make other developments seem more limited.

Although they may be limited in the new context of massive change in Fleet Street, they are no less significant for the FT's production, no less a further index of industrial change in national newspapers.

The agreements are all signed and sealed, with no elements left dangling for future disputes to bite upon, which in itself is revelatory for the old Fleet Street (and they have been warmly endorsed by leaders of the main print unions,

Management at the Financial Times yesterday announced a series of agreements with the printing unions which mark a significant step towards the electronic production of newspapers.

The agreements, which were welcomed by the main print unions, include for some staff a strike-free deal and provide for the largest amount in any traditional UK national newspaper of material set by direct entry - copy typed once, rather than re-set by other production workers.

- The agreements provide for:
- A return to London of all composing work now carried out in Frankfurt for the FT's international edition. This will mean new work in London for the print unions and an increase in pay for some of up to £25 a week.
- The direct entry - in many cases from computer to computer - of

all regular FT statistics. The company says this will markedly improve their accuracy. After two years, the proportion of material in the FT set in this way - roughly 30 per cent - will be the highest of any traditional Fleet Street paper.

- The creation of a separate company to carry out the prices work. Staff employed in this company will be covered by a strike-free agreement featuring binding arbitration.
- A joint pressroom agreement aimed at ending inter-union pay leap-frogging in the FT's machine room, where the papers are printed.

Mr Frank Barlow, the FT's chief executive, said of the agreements: "In many respects they break ground which has never been trodden before in Fleet Street. They represent a substantial step on the road to the electronic future that this newspaper has to embrace."

keyed in once, by Sogat members alone.

Prices operation. To enact these changes, the FT has agreed with the print unions that the in-house work on prices will be moved to a new company, FT Prices, at a new site, Tower Bridge House - across the Thames about half a mile from NI's Wapping plant.

Current FT prices employees will either be transferred to the new company, or to FT Business Information, which will market commercially the prices information through Finstat, its generic trading name for statistical material.

Joint Pressroom Agreement. Separate from these developments is the signing finally of an agreement which the FT has sought for some time, and which was the primary immediate cause of the strike by NGA members which halted publication of the FT for 10 weeks in 1983.

Employees in a newspaper machine room, where the presses themselves are sited, are divided into machine managers, organised by the NGA, and machine assistants, organised by Sogat. Pay differentials between them are fixed and rigorously observed; pay rivalry is intense.

Because of this, many newspapers have been hit by leap-frogging claims and settlements.

the general union Sogat '83 and the NGA craft union). They are inter-related but fall into a number of key areas.

Single composing centre. When the FT began its German printing operation in Frankfurt in 1978, the only practical and economic method was for editorial and other copy produced in London to be transmitted by facsimile to Frankfurt, and set there by contract printers FSD.

The company at the time promised the unions to bring the operation back to London if circumstances changed. Change they did; not least because the NGA, under pressure from the growing changes in Fleet Street and provincial newspaper production, wanted to see its members' work in London increase,

and be made if possible more secure.

The FT management said a transfer had to be at the same cost level and agreements - especially about disputes - had to be honoured. A lengthy dispute among proof readers based in Bracklen House, the FT's printing centre in London helped to delay progress, but in autumn last year serious negotiations began.

Under the deal announced yesterday, all editorial and composing work will be carried out in London, with the finished pages then transmitted for printing to Frankfurt and New Jersey, and possibly later to the Far East.

Work on the transfer has already started. Within a timetable of about

two years, the operation will be completed, page by page - the first being the FT's aris page in about five months' time.

Journalists permanently employed in Frankfurt will be brought back to London; the contract setting will be ended.

Direct input. Parallel to this, and within the same timetable, is a move to the direct input of all statistics in the FT. Normal newspaper practice is that copy is typed (often on word processors now) by journalists, advertising staff or, in the case of statistics, Sogat clerical workers, and then re-keyed on Linotype machines by NGA members into metal type for making up pages.

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UK NEWS

BETTING ACT CHANGES WILL ALLOW LIVE TV COVERAGE

Boost for the bookmaker's image

BY WALTER ELLIS

BRITAIN'S bookmakers entered a new era yesterday when amendments to the Betting, Gaming and Lotteries Act, 1963, made it legal for betting shops to provide seating, snacks and, most important, live television coverage of horse racing and other major sporting events.

Until now, betting shops have been spartan, uninviting places, hidden behind frosted glass. Successive governments have encouraged the belief that gambling should be a furtive pursuit.

The changes in the law have proved a spur to the main bookmakers, which have invested

millions of pounds in brightening up their premises and installing new technology.

Ladbrokes is to spend £14m over the next three years improving 1,500 of its betting shops. As well as comforts - excluding alcohol - it will be installing an up-to-the-minute results service, and television monitors designed to be fed not only by existing BBC and ITV networks but by cable and satellite.

Mr Peter George, chairman of Ladbrokes Racing, says: "Our innovations in communication technology and in-shop facilities

will enable our market share to increase further."

Each of the four main bookmakers (the others are William Hill, Mecca and Joe Coral) is investing heavily in refurbishing premises.

William Hill showed off its prototype new-style shop over the weekend. Sited in Edgware, in north London, it boasts "designer" vending machines, video previews of races and thick carpets with a horseshoe motif. The intention is to attract women as well as men and to create something of the atmosphere of a social club. Bingo with bigger stakes, in fact.

The industry believes the reforms will increase their turnover, with many people who would previously have been put off by the jail-like interiors of a betting shop encouraged to have a flutter.

Racecourses - which enjoyed a monopoly on legal betting until 1963 - are correspondingly concerned, fearing attendances at meetings will fall further, especially in winter. The change in the law could mean that courses too will have to look to their facilities to increase profits.

Consumer credit rises in January

BY GEORGE GRAHAM

CONSUMER credit increased in January as motor companies wooed customers with special low-interest car loans. New, expanded statistics published yesterday by the Department of Trade and Industry show that new credit advanced in January rose by more than £200m to £2,74bn.

The figures include for the first time bank and store credit cards, which between them accounted for

£1.35bn of new advances in January. New advances on bank credit cards totalled £1.09bn, while running accounts advanced £255m of credit.

The greatest increase in credit came in new fixed-sum agreements from finance houses and other specialist credit agencies. These rose to £1.6m from £1.1m in December. The DTI said the sharp rise was caused by car companies providing loans at

favourable rates to boost January car sales.

Total credit of £21.3bn was outstanding at the end of January, an increase of £385m from the previous month.

The Department plans to add bank overdrafts and personal loans to its credit statistics early next year. It also plans an inquiry into the credit business, the results of which are expected to be published

in 1988. Old retail credit statistics, which reflected mainly hire-purchase agreements, had become less and less representative of how consumers use credit.

Retail sales in January were better than previously thought, according to revised figures published yesterday by the DTI. Final figures show that the index for the volume of retail sales stood at 117.0 in January.

City securities body edges closer to statutory format

BY BARRY RILEY, FINANCIAL EDITOR

ALTHOUGH THE Government and officials of the Securities and Investments Board (SIB) are playing down the implications of the amendment to the Financial Services Bill last Thursday which gave it specific statutory recognition, the fact is that the nature of the Bill is changing as the weeks go by.

In its final form, it may look very different from the elaborate and elegant draft legislation which was published late last year. Under the eventual law, the SIB may turn out to be precisely the kind of statutory securities commission that the Government has tried hard to avoid creating.

The concept of a high degree of delegation of regulation was developed during Mr Norman Tebbit's period at the Department of Trade and Industry (DTI), and was embodied in the White Paper (policy document) of January, 1985. Mr Tebbit might have suspected that these concepts would not go down too well with parliament, for in the first debate held on financial regulation back in July 1984 many Conservative backbenchers called for a tough statutory body. The Labour opposition has, of course, been consistently arguing for something described as a "self-standing statutory commission."

Mr Tebbit had both good and bad reasons for moving in the direction he did. A Securities Commission implementing a body of statute law would be clumsy and inefficient. Civil servants would not be good at regulating fast-moving commercial markets; the DTI had not done well in enforcing the licensed dealer rules for which it was given statutory responsibility back in the 1980s and, moreover, law on the statute book can take years to change.

Hence, the promotion of the formula whereby, although the Secretary of State could regulate the markets through his own department, he could also delegate his powers to an outside, private sector body. This would pay for itself through levies on investment firms, be able to hire expert practitioners at market salaries to provide sensitive regulation and would be able to rewrite its rules very flexibly as it went along.

The bad reason, however, was that by promising the City of London that it could write its own rule-book, Mr Tebbit hoped to avoid the need to draw up his own rules. It became evident that the City would not be disposed to co-operate with a statutory commission. The DTI would be on its own in a very tricky situation.

In the end, the City went to work, but many of the practitioners in the old and new self-regulatory organisations (SRO) which report to the SIB must now be wondering whether they have been sold a dummy. The provision that councils of the SROs would be able to protect their rule-books against the SIB in court has been quickly dropped. Now the SIB itself may be given statutory recognition, and the Government appears none too concerned about the potential effect of this change.

Perhaps this latter amendment to name the SIB in the Bill by Mr Anthony Nelson does not matter too much on its own, but the logic is that further amendments will follow. One step, for example, could be that the SIB would not simply be recognised by statute but would be actually created by statute.

Officials at the SIB fear this would make them civil servants. "I'm not going to make decisions which could be questioned in parliament tomorrow," observed one last Friday. Others are worried about being tied to civil service pay scales, and are searching for precedents among other official bodies to relieve their fears on this matter. Apparently the Commonwealth War Graves Commission is one body

which escapes the pay curbs and is coming under scrutiny. "At least we would know where the bodies were buried" is the joke now being passed around the SIB's headquarters behind the Royal Exchange in the City of London.

Apart from its inherent contradictions, the Bill is suffering from two other problems. One is the alarming rate of turnover of secretaries of state, with Mr Tebbit followed in swift succession by Mr Leon Brittan and Mr Paul Channon. Moreover Mr Alex Fletcher, the junior securities minister during the development of policy, was replaced last autumn by Mr Michael Howard, who had no previous ministerial experience.

The Bill has, therefore, been affected by a lack of political direction, and it is clear that it now comes a long way down the Government's list of priorities.

The second problem is that to the extent that politicians are concerned with the City they are at present largely obsessed with the emotive issue of fraud. A great deal of time has been spent on peripheral questions such as the exclusion of Lloyd's, the London insurance market, from the Bill, and amendments are promised to give the SIB an enforcement role.

The result is "massive overkill" according to one ex-Whitehall observer. "What started as an exercise in consumerism has become mixed up with fraud. It's a quite dreadful confusion of objectives."

As the Bill goes through parliament its subtleties are being exposed to the more robust attitudes of backbench MPs - and many Conservatives as well as Labour members are suspicious of the ability of financial practitioners to regulate themselves in the public interest.

In the case of the SIB, interest has focused so far mainly on broad issues such as the balance of power between the SIB and the SROs and there has been little opportunity to discuss more detailed matters. The first batch of detailed draft rules has only just been published by the SIB, and the proposed framework of SROs and investment exchanges still has to be finalised.

But the associated body, the Marketing of Investments Organising Committee (Miboc), which will be swallowed up with the SIB into a single successor body, has aroused criticism of its detailed proposals on subjects such as life assurance commissions disclosure.

Powerful interest groups are at work in the mass savings market, and MPs have already told Mr Howard to go and seek new proposals from Mr Mark Weinberg, chairman of Miboc.

If a body such as Miboc cannot stand up to internal pressures and devise investor protection policies which are credible to MPs, suspicion is likely to be cast on many other aspects of the self-regulatory structure in the Bill.

At the other extreme, some of the practitioners are uncertain of the merits of the flexibility which is proposed for the SIB when it adjusts its rule-book, and then imposes its will on the SROs. For example, many members of the international securities regulatory body, Isro, are used to operating in the US legal framework and like to know where the law stands.

They are suspicious of rules which could suddenly be changed by people appointed by politicians at some future date.

Right from the start of the drafting of the financial services legislation a primary aim has been to avoid the word "commission", and the image of a US-style Securities and Exchange Commission that it evokes. As each week passes, however, the word commission becomes more and more suitable for the body that will regulate Britain's investment markets in the future.

Whitehall acts against illegal prospectuses

BY GEORGE GRAHAM

INSPECTORS at the Department of Trade and Industry (DTI) are clamping down on illegal prospectuses for companies raising money under the Business Expansion Scheme.

The department has written to about 20 of the most active BES promoters to warn them that breaches of the law on prospectuses could lead to the loss of their licences as securities dealers.

The DTI's move follows similar action taken by the London Stock Exchange last month to prevent companies including glossy promotional pictures, which might mislead investors, in their prospectuses.

The Business Expansion Scheme, which gives tax relief to investors in certain unlisted companies, has been criticised in its present form for encouraging secure, asset-backed companies such as hotels rather than riskier ventures which might create more jobs.

Many companies are now rushing to raise money under the BES in the expectation that the Chancellor of the Exchequer may outlaw some abuses of the scheme in his budget next week.

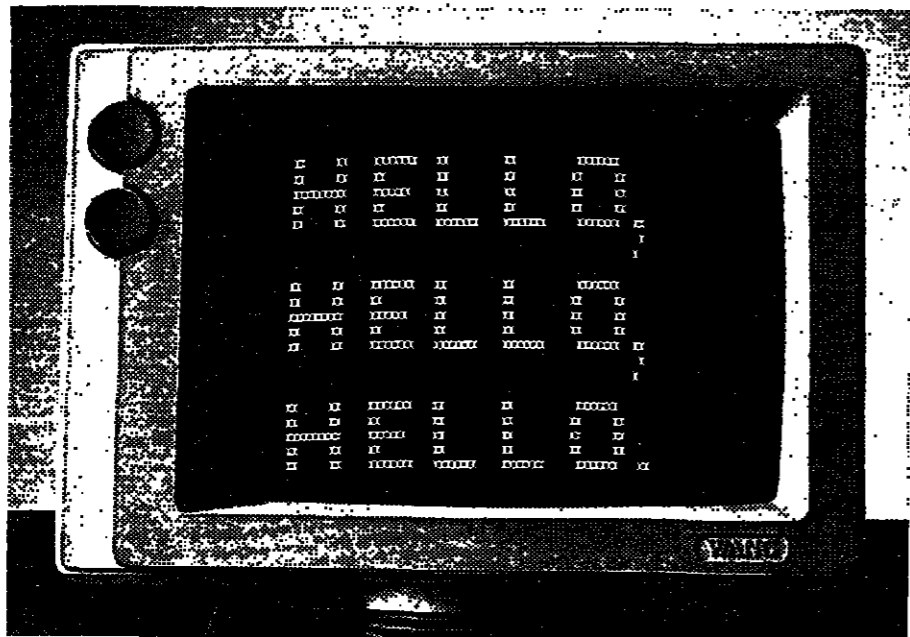
One practice the DTI is anxious to stop is the inclusion of press cuttings about a company when sending the prospectus to potential investors. The department feels that these cuttings could be held to form part of the prospectus and should therefore be registered. The directors of the company would then have to stand by the statements in the cuttings.

The department wants dealers to take responsibility when they recommend to investors a new BES company for which they are, also acting as the issuing house. Its concern applies particularly to reminder letters which follow up a prospectus.

"The dealer should have an adequate and reasonable basis for the recommendation," the department said. "The 'know your customer' principle requires the dealer to take into account the suitability of the investment in question for each individual recipient of the letter."

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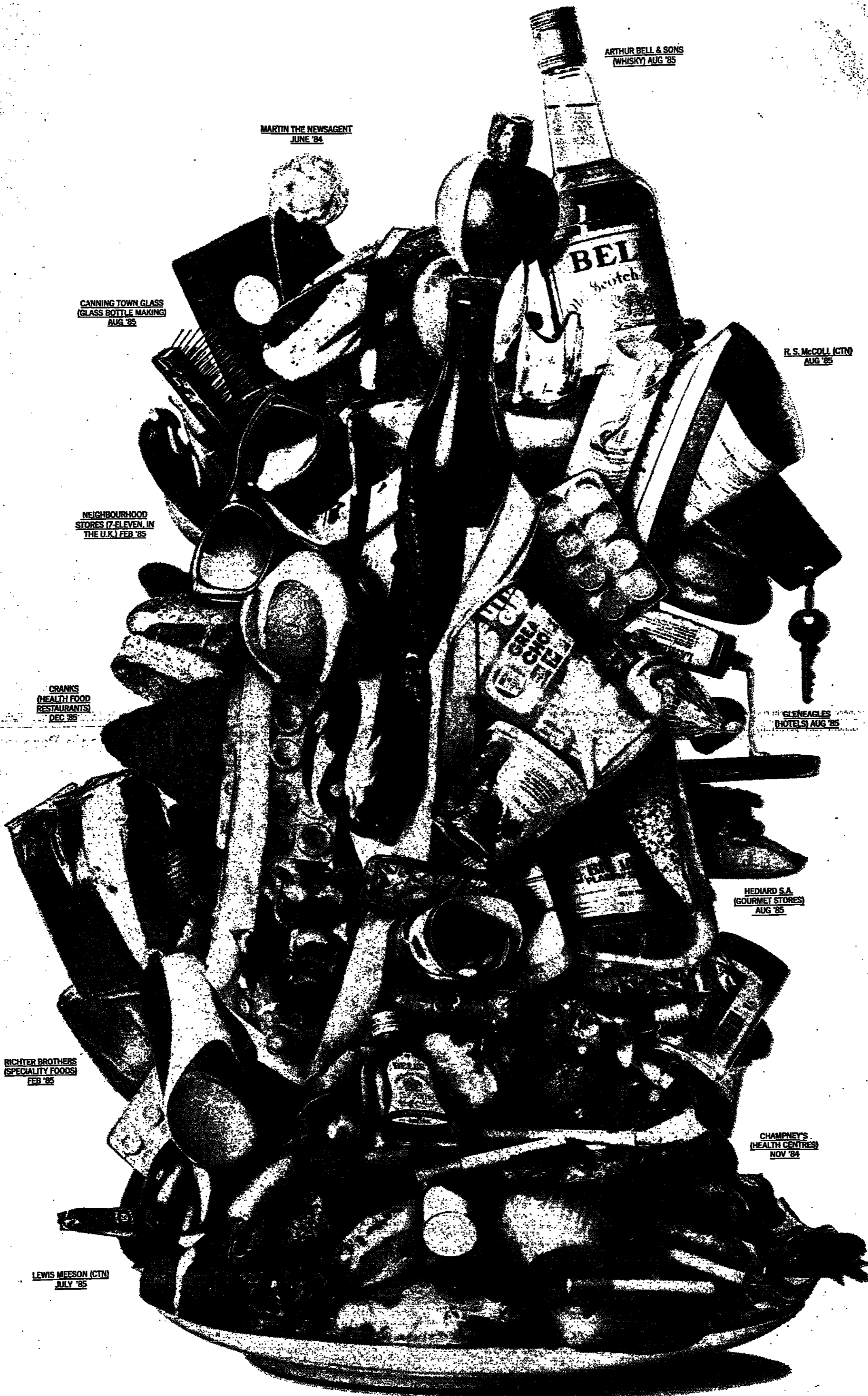
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William Dullforce in Geneva reports on next week's referendum

Swiss may cold-shoulder UN

WHAT DOES Switzerland have in common with the Vatican, Liechtenstein, Monaco, South and North Korea? None belong to the United Nations. In the Korean case, the dispute over unification of the country has blocked the way to membership.

There are many anomalies in Swiss relations with the UN and its agencies. Switzerland is a member of the General Agreement on Tariffs and Trade but not of the International Monetary Fund or the World Bank.

They also point out that its failure to be a member has not prevented a Swiss, Mr Jean-Pierre Hocke, from becoming UN High Commissioner for Refugees, or another Swiss, Mr Arthur Dunkel, from being director-general of GATT.

Moreover, the UN spends about 30 per cent of its ordinary budget in Switzerland. Adding the spending of the UN agencies in Geneva, the sum rises to some Sfr 1.6bn a year.

Electrolux raises bid for US company

By Kevin Done in Stockholm
ELECTROLUX, the Swedish household appliances group, yesterday raised its bid for White Consolidated Industries, the third-largest US white-goods manufacturer, to \$47.5 a share from its original offer of \$45 a share announced last week.

The new offer raises the value of the deal to more than \$743m, the largest foreign acquisition ever attempted by a Swedish company.

EEC foreign ministers press Japanese over trade surplus

By PAUL CHEESRIGHT IN BRUSSELS
EUROPEAN COMMUNITY foreign ministers yesterday urged that Japan should state when, to what extent and how it will increase imports of manufactured goods and processed agricultural products.

EEC foreign ministers press Japanese over trade surplus

The Community foreign ministers thus came back with the proposal that Japan should set an import target, a notion already rejected by Tokyo. The Commission was told by the ministers to arrange with Tokyo the establishment of a monitoring committee to watch over the implementation of market-opening programmes.

US warns on military contracts

By BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON
HIGH-LEVEL political intervention in attempts to win US military contracts, such as that by Mrs Margaret Thatcher the British Prime Minister, during the fight for a multi-billion dollar battlefield communications equipment deal with the US Army, risks being counterproductive, according to Mr Jim Ambrose, the US Under Secretary for the Army.

Tough action urged on Bumiputra losses

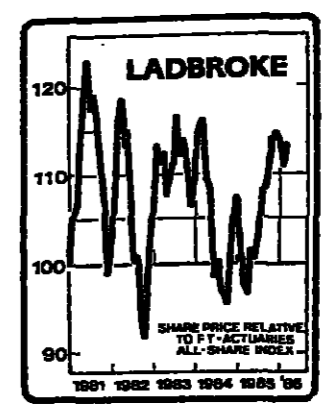
By Chris Sherwell and Wong Sulong in Kuala Lumpur
FORMER EXECUTIVES of Bank Bumiputra, Malaysia's state-owned bank, are said to have been involved in funding disastrous speculative transactions involving the now defunct Carriam Group of Hong Kong and other companies affiliated to property speculator Mr George Tan.

The committee says in the report that it has uncovered many instances of malpractice in BMB and Bank Bumiputra, and recommends tough action to recover the bank's losses.

It shows how, even though the intended sale did not go through, BMB continued its loans and later increased them when Carriam started to hit trouble by the end of 1981.

THE LEX COLUMN
Without benefit of Wapping

News Corp is no more accessible to investment analysts than to So-gat pickets, but yesterday's interim figures would appear to have a message or two - not least for those enthusiasts in the City of London who have thrown their money behind new Fleet Street ventures.



bank overdraft roughly equal to its shareholders' funds. That is the sort of predicament in which entrepreneurial management cannot be expected to wish they had been more willing to raise equity, less averse to dilution. It is also the sort of opportunity which Ladbroke, highly geared on its property side but with strong cash flow and a 50 per cent rise in 1985 pre-tax profits to boast about, had been looking for some while.

Home Charm

There is not much mystery about Home Charm's agreement to the \$190m offer from Ladbroke. Having charged down the path of maximum expansion, apparently without recourse to so much as a pocket calculator, Home Charm ended 1985 with a first-class trading formula and much more space.

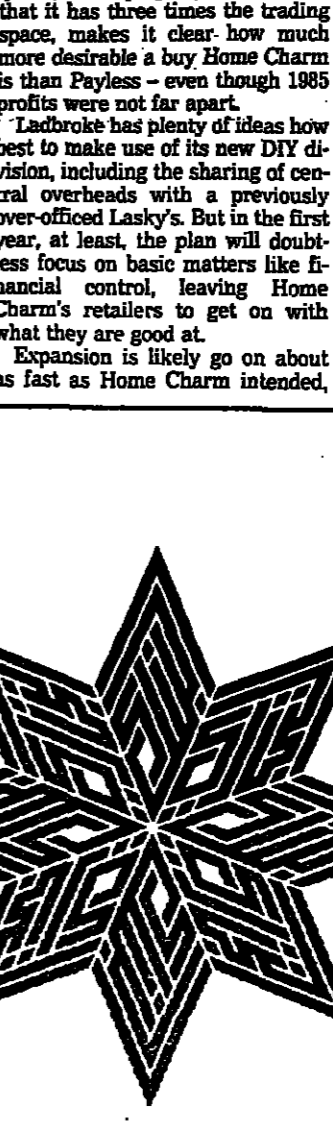
Kidnaps likely to dominate French election

Continued from Page 1
The release of the two Iraqis - Hamzah al-Badr and Hassan al-Khair al-Din, expelled from France after the recent bot attacks in Paris - heads the list of demands by Islamic Jihad.

City of London office plan to be overturned

Continued from Page 1
view before the Docklands project was announced. He also dismissed suggestions that the Corporation had attempted to block the Canary Wharf plans by objecting to the proposed railway interchange at Bank underground station in the City.

ANATOMY OF A STAR



Look carefully at the star above and you'll find that it's made up of four arrowheads. Each arrowhead comprises two 'stretched' rectangles which contain, in Arab calligraphy, two words: Commercial Bank.

UK fuel costs fall sharply

Continued from Page 1
due to drop out of the year-on-year comparison. Most independent forecasters expect the rate to fall to 4 per cent or less by early summer, even if Mr Nigel Lawson, the Chancellor of the Exchequer, decides to increase excise duty on petrol in next week's budget.

Commercial Bank of Kuwait

Commercial Bank of Kuwait
Increasingly the Bank is becoming more international in its outlook. With strong reliable contacts in 89 countries, a full federal branch in New York and a European representative office in London.

World Weather

Table with 4 columns: Location, Temp, Wind, etc. for various cities like London, New York, Tokyo, etc.

INTERNATIONAL COMPANIES and FINANCE

NORWAY'S OIL BANK

As Norwegian energy reserves are so substantial, petroleum business is of great importance to the country's economy. Union Bank of Norway has all the experience and expertise of project finance for the North Sea, as well as managing and underwriting syndicated loans and new issues. Contact in Norway Carl Erik Haavaldsen or Tom Frønth-Mathisen.

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NORWAY'S NEW BANK

Union Bank of Norway was created on 14th October 1985 by a merger between Sparebanken Oslo Akershus and Union Bank of Norway Ltd. (Fellesbanken A/S). We are one of the "big four" in Norway with total assets of U.S. \$4.0 billion. The new bank is also the central bank to more than 200 savings banks in Norway with a unique network of more than 1,300 outlets all over the country.

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Head Office: Kirkegaten 14-18, Oslo, P.O. Box 1172 Sentrum, 0107 Oslo 1. Tel: (472) 31 90 50. Telex 19470 UBN BK. Domestic name: Sparebanken ABC.

Union Bank of Norway

Borregaard steps up profits and turnover

BY FAY GJESTER IN OSLO

BORREGAARD, the Norwegian industrial group with interests in forest products, chemicals, metals and foodstuffs, has released final figures for 1985 showing sales and profits significantly up on a year earlier. External sales totalled Nkr 54bn (\$758m) against Nkr 47bn in 1984 and profits before extraordinary items Nkr 195.7m, Nkr 30.5m up on a year earlier and about Nkr 30m higher than initial estimates, published in January. Income from sales of a chemical

group and a chlorine plant brought the total, before tax and year end allocations, to Nkr 278.7m. This gave earnings per share of Nkr 43.11, compared with Nkr 40.89.

The improvement is attributed partly to acquisitions and partly to excellent results in the foodstuffs, washing powder and toiletries sectors. These more than outweighed setbacks in the divisions making cellulose and hardened fats.

The board proposes to increase the dividend to Nkr 14, compared with Nkr 12 for 1984.

Lavalin may buy UTDC

BY ROBERT GIBBENS IN MONTREAL

LAVALIN, Canada's largest engineering group, is expected to buy control of Urban Transportation Development Corporation, a rail transit system builder, from the Ontario Government.

Industry sources estimate the deal would be worth around C\$50m (US\$33.7m) and the Government may keep a minority position.

Lavalin has worked with UTDC in Canada and abroad and is now

doing transit studies for Bangkok and Peking. Linking the two firms would leave two railway equipment groups in Canada.

Bombardier, the other transit group, which is now building C\$1bn worth of subway cars for New York, dropped out of the running for UTDC, saying it could not meet the Ontario Government's conditions. It is known to have reservations about UTDC's two manufacturing plants and its order book.

Electronics group lifts earnings

BY LACHLAN DRUMMOND IN SYDNEY

AMALGAMATED Wireless (Australia), the electronics and electrical and radio broadcasting group, pushed up net earnings by 10 per cent from A\$10.3m (US\$7.2m) to A\$11.3m in its December half year.

Turnover was ahead by 18 per cent to A\$290m, and directors said all divisions had performed satisfactorily. They forecast a substantial increase for the six months to June over last year's disappointing closing half.

A total profit of more than A\$20m has been forecast for the year.

The interim profit came after tax of A\$8.7m compared with A\$8.5m, while interest charges were doubled to A\$2.2m and depreciation was A\$600,000 higher at A\$4.25m.

Earnings per share were 20 cents a share compared with an adjusted 18 cents, with the interim dividend held at 8 cents a share on bonus-increased capital.

Israeli bank increases earnings 10%

BY ANDREW WHITLEY IN TEL AVIV

FIRST International Bank of Israel (Fibi), widely regarded as the most innovative of Israel's five leading commercial banks, has reported a 10.7 per cent increase in net profits for 1985.

Net profits had increased from 24.9m new Israeli shekels (NIS) in 1984 to NIS 27.5m (\$18.3m) last year, the bank reported yesterday. This represented a 14.3 per cent return on equity. But Mr Zaidi Bi-

no, Fibi's managing director, said that, if the bank's less profitable subsidiaries were excluded, the gross return on its capital would have been nearer 80 per cent.

Fibi's majority shareholder, the Danot Investment Company, has been in the hands of the receiver for some time, and Mr Bino forecast a change of ownership for the bank in the coming days.

All of Israel's major banks are expected to show much improved results for 1985 as they publish their balance sheets over the coming weeks, thanks largely to deliberate government efforts last year to maintain high real interest rates and improve overall bank profitability.

that its net profits in 1985 had risen by 37 per cent to NIS 9.6m (\$6.4m).

These artificially favourable conditions are not expected to be maintained in 1986, however. According to Mr Bino, operating margins have already declined from last year's average spread of 2.5-3.5 per cent down to 1.5 per cent and are expected to average only 0.75 per cent this year.

This announcement appears as a matter of record only.

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March 1986

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(Nordic Investment Bank)



US \$20,000,000
14% per cent. Bonds due 1990

NOTICE IS HEREBY GIVEN THAT, pursuant to Condition 5(a) of the Bonds, Citibank, N.A. as Fiscal Agent, has selected by lot for redemption on April 15, 1986 US\$1,150,000.00 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected by lot for redemption are as follows: 16 21 36 80 99 130 135 137 139 141 148 159 187 188 205 313 318 355 408 418 427 428 445 488 480 487 489 505 513 548 559 580 617 618 623 648 664 738 739 743 756 762 771 784 789 797

Payment will be made upon surrender of Bonds together with all coupons maturing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Bonds. Coupons maturing on April 15, 1986 should be detached and presented for payment in the usual manner. On and after April 15, 1986 interest on the Bonds will cease to accrue and unmatured coupons will become void.

Outstanding after April 15, 1986 US\$8,900,000.00.

March 11, 1986
By Citibank, N.A. (CSSI Dept.)
London, Paying Agent

CITIBANK

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U.S. \$200,000,000

Undated Floating Rate Securities

In accordance with the provisions of the Securities, notice is hereby given that for the three months interest period from 11th March, 1986 to 11th June, 1986 the undated Securities will carry an Interest Rate of 7% per annum. Interest due on 11th June, 1986 will amount to U.S. \$20.13 per U.S. \$1,000 undated Security.

Morgan Guaranty Trust Company of New York
London
Agent Bank



The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark

U.S. \$150,000,000

Guaranteed Floating Rate Notes due 1993 Series 88

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 11th March, 1986 to 11th September, 1986 has been established at 7% per cent per annum. The interest payment date will be 11th September, 1986. Payment, which will amount to US \$3,993.06 per US \$100,000 Notes and US \$399.31 per US \$10,000 Note, will be made against the relevant coupon.

Agent Bank
Bank of America International Limited

NOTICE OF EARLY REDEMPTION

US\$30,000,000

Alcoa of Australia Limited



ALCOA AUSTRALIA

13 1/2% Bonds due 1991

NOTICE IS HEREBY GIVEN that pursuant to Condition 6(b) of the Bonds, the Company will redeem all of the Bonds at their principal amount on the next interest payment date, 15th April 1986, when interest on the Bonds will cease to accrue.

Repayment of the principal will be made upon presentation and surrender of the Bonds, with all unmatured Coupons attached, at the offices of any one of the Paying Agents listed below.

The amount of any missing coupons will be deducted from the sum due for payment. Any amount of principal so deducted will be paid against surrender of the relative missing coupon no later than five years from the date on which the coupon would have become due. Bonds will become void unless presented for payment within a period of ten years.

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69 Old Broad Street
London EC2P 2EE

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Rue des Colonies 40
B-1000 Brussels

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NY 10015

Bankers Trust GmbH
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D-6000 Frankfurt am Main 1

Bankers Trust AG
Dreikönigstrasse 6
CH-8022 Zürich

Banque Indosuez Luxembourg
39 Allée Scheffer
L-2520 Luxembourg

Accrued interest due 15th April 1986 will be paid in the normal manner on or after that date against presentation of Coupon No. 5.

Bankers Trust Company, London

Agent Bank
11th March 1986

INTL. COMPANIES & FINANCE

Hoover Australia bids A\$48m for white goods manufacturer

BY LACHLAN DRUMMOND IN SYDNEY

HOOPER AUSTRALIA has bid A\$48m (US\$33.6m) for Simpson Holdings in an effort to avoid being frozen out of the latest rationalisation of the Australian white goods industry.

Simpson is already subject to a A\$1.20 a share takeover from Email, the leading Australian white goods group. The Email offer had won the support of the controlling family shareholders but the Simpson board has now swung its support behind Hoover's A\$1.50 a share bid, falling any higher offer emerging.

Hoover's offer is subject to approval by the Foreign Investment Review Board (FIRB). Email yesterday said its own bid was aimed at ensuring a strong Australian-owned and controlled white goods industry, and noted that it was supported by the Australian Industry

Development Corporation, a state concern.

Hoover believes it will gain FIRB clearance. The company said it made 98 per cent of its products locally and that after Simpson it was the biggest local manufacturer of white goods. It had spent heavily in the past three years to comply with government strategy for the industry.

Hoover is 100 per cent owned by its UK parent, which in turn is US controlled. Email's single biggest shareholder with 15 per cent is White Consolidated, the US appliance group under offer from Sweden's Electrolux.

Hoover manufacturers clothes washing machines and driers in Australia, holding market shares of about 30 per cent, where Simpson holds about 40 per cent.

Simpson is the biggest maker of

dishwashers in Australia and the largest maker of electrical cookers. It has a smaller presence in refrigerators and freezers, an area where Email is dominant through local manufacture and imports from New Zealand.

Email also makes cookers and air conditioners.

The only other Australian manufacturer is Philips, the local offshoot of the Dutch group, which has a refrigerator manufacturing plant. Rank of the UK closed its refrigerator plant last year.

In the past decade Simpson and Email have individually been at the forefront of industry mergers and rationalisation designed to produce a competitive local manufacturing base and in 1980 came close to entering a product exchange agreement before Simpson withdrew from the plan.

Brierley profits up 90% at six months

By Dai Hayward in Wellington

BRIERLEY Investments, the New Zealand investment holding group, celebrated its 25th year with a 90 per cent jump in interim profit to a record NZ\$52.9m (US\$27.6m) for the first six months and a one-for-one cash issue of shares at the par value of 50 cents.

The issue will increase Brierley ordinary share capital from NZ\$178.12m to NZ\$356.24m. Mr Paul Collins, chief executive, says the company wants to mark its 25th birthday in a way which would benefit shareholders. The board believes the increase in capital is fully justified by current and future prospects.

Over the past few years the group's profits for the first six months have been about a third of those for the full year. Last year the interim profit was NZ\$27.7m, and for the full year NZ\$36.4m. If this trend is maintained this year, the full annual profit would exceed NZ\$ 50m.

Mr Collins says that, while it is still too early to make accurate predictions for the full year, the board is confident it will be a good one and the results "very satisfactory" for shareholders.

The company also declared an interim dividend of 4.5 cents a share. Mr Collins says the board plans to maintain an annual dividend of 15 per cent on the increased capital. The group is 90 per cent New Zealand owned, although only 40 per cent of its assets are now in the country.

During the past six months Brierley and its two major subsidiaries, Industrial Equities and Industrial Equity Pacific, have invested NZ\$ 5 700m in share markets around the world.

Turnover during the first six months was NZ\$1.89bn compared with NZ\$1.12bn a year earlier.

The company has recorded an impressive list of achievements during its half year. These include record interim profits by all the group holding companies. Brierley itself brought in NZ\$32.8m, Industrial Equities A\$28.6m (US\$20m) and Industrial Equity Pacific HK\$1.4m (US\$180,000).

The value of the group share portfolio increased to more than NZ\$1.6bn, a jump of NZ\$730m.

The group also acquired controlling interests in New Zealand's second largest brewery, Dominion Breweries.

Amic pre-tax profits rise to R268m

BY JIM JONES IN JOHANNESBURG

ANGLO-AMERICAN Industrial Corporation (Amic), the South African industrial holding company, increased its operating profit and reduced taxed book profit in 1985 largely because it ceased equity accounting its motor vehicle interests and sold some under-performing investments.

Depressed trading conditions continued throughout the year with lower domestic demand partially offsetting higher export revenues.

Consolidated turnover rose to R2.56bn (\$898m) from R2.03bn, and the operating profit before investment income, finance costs and tax increased to R287.8m from R250.7m. Pre-tax profit totalled R268.2m against R241.1m in 1984.

Tax was lower, but an extraordinary loss of R88.1m following the sale of under-performing investments and an increase in outside shareholders' interests in the profits of subsidiaries caused the year's

overall profit to drop to R83.9m from R134.3m.

The merger of the Anglo-American group's loss-making motor manufacturing interests (Amcar) with those of Ford resulted in Amic's interest in the newly formed Samcor falling to 19 per cent. As a result, Samcor was not equity accounted while Amic's 1984 results included the company's R44.1m share of Amcar's loss.

You have a rather large pile of papers on your desk. It's a major presentation—handwritten notes, bar graphs, charts and typed pages. It must be organised, typeset with graphics including colour charts, duplicated (about 100 copies would do nicely), bound between gold-blocked covers and returned to your desk in 12 hours. Added to that, you need 50 bound copies delivered in New York simultaneously. All that remains is finding someone who can do the impossible—deliver the job.

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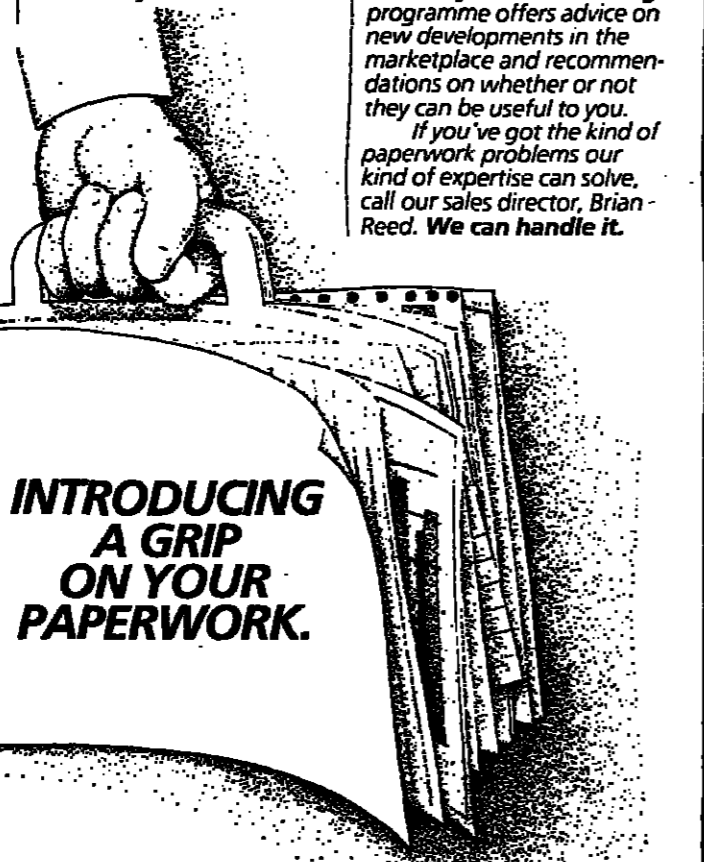
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STOCKHOLDERS FAR EAST INVESTMENT INC.

Net Asset Value
28th February 1986
\$3.41
per share (unaudited)

ENERGY RESOURCES & SERVICES INCORPORATED

Net Asset Value
28th February 1986
\$7.30
per share (unaudited)

All of these securities having been sold, this announcement appears as a matter of record only.

\$100,000,000

The Hertz Corporation

Senior Notes Due March 1, 1996

The Notes will bear interest at the annual rate of 8.50% through February 28, 1991 and, if extended by the holder, at the annual rate of 9.30% thereafter. The Notes will be repayable in whole or in part at the option of the holder thereof on March 1, 1991 at their principal amount plus accrued interest to the date of repayment.

Shearson Lehman Brothers Inc. Merrill Lynch Capital Markets

February, 1986

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U.S. \$200,000,000



Kingdom of Sweden

8¾% Bonds Due 1996

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Credit Suisse First Boston Limited

- | | |
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The issue price of the Bonds is 100 per cent. of their principal amount. Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List.

Interest will be payable annually in arrear in March of each year, beginning on 25th March, 1987. Particulars of the Bonds and the Issuer are available in the statistical service of Extel Statistical Services Limited and copies may be obtained during usual business hours up to and including 13th March, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 25th March, 1986 from:

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London EC2N 4BQ

Hoare Govett Ltd.,
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London WC1V 7PB

Bankers Trust Company,
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11th March, 1986

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U.S. \$150,000,000



New Zealand

8¾% Bonds Due 1993

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| Nomura International Limited | Orion Royal Bank Limited |
| Salomon Brothers International Limited | Union Bank of Switzerland (Securities) Limited |
| S. G. Warburg & Co. Ltd. | |

The issue price of the Bonds is 99½ per cent. Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List.

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London EC2R 7JS

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London EC2V 5DE

11th March, 1986

GENOSSENSCHAFTLICHE ZENTRALBANK AKTIENGESELLSCHAFT
Vienna

U.S. \$50,000,000 Floating Rate Subordinated Notes Due 1992

For the three months 11th March, 1986 to 11th June, 1986 the Notes will carry an interest rate of 7¼ per cent. per annum.

Interest payable on the relevant interest payment date, 11th June, 1986 against Coupon No. 19 will be U.S. \$99.03.

Listed on the Luxembourg Stock Exchange.
By: Morgan Guaranty Trust Company of New York, London Agent Bank

Bankers Trust New York Corporation

US\$300,000,000

Floating Rate Subordinated Notes Due 2000

For the three months 11th March, 1986 to 11th June, 1986 the Notes will carry an interest rate of 7½ per cent per annum and interest payable on the relevant interest payment date 11th June, 1986 will be US\$194.66 per US\$10,000 Note and US\$4871.53 per US\$250,000 Note.

Bankers Trust Company, London Agent Bank

INTERNATIONAL COMPANIES and FINANCE

Peter Montagnon on Monetary Institute figures for Luxembourg Banks buy time for business shift

LUXEMBOURG'S 118 banks are banking in the wake of a record year in 1985. According to preliminary estimates by the Monetary Institute, responsible for supervising the financial system, profits before tax and provisions surged to some LFr 80bn (\$1.2bn) from LFr 67.5bn in 1984.

The question now is whether the pace can be maintained in 1986 after last year's record. "Overall 1985 was a record year," says Mr Ulrich Damm of Commerzbank International.

Stricter share trading code for Sweden

SWEDEN'S stock exchange authorities have taken further steps to tighten regulation of share trading in Stockholm. It has issued recommendations to help protect the interests of small shareholders, and, for the first time in more than a decade, a written warning about misconduct has been handed out to a member firm.

come so that it stayed up in terms of Luxembourg francs. This year that may be less easy since the dollar is already weaker at the outset.

LUXEMBOURG BANKS OPERATING EARNINGS

Table with columns for Year (1981-1985), LFr, and \$ (1985 preliminary estimate). Shows operating earnings for Luxembourg banks from 1981 to 1985.

February new issues soar to \$18bn

THE STRENGTH of financial markets, spurred by falling oil prices and interest rates, drove new issues on international bond markets to a record level in February.

The OECD figures highlight, however, the growth of Euronote facilities not backed by underwritten bank commitments.

Non-underwritten facilities are not included in the OECD's overall borrowing figures since they do not produce contingent bank liabilities.

Coupon on \$100m Volvo issue fixed below 8%

ONLY a few new issues braved the Eurobond market yesterday after Friday's profit-taking prompted by the round of official interest rate cuts.

THE D-MARK Eurobond market saw the third in a series of issues by West German Government-owned borrowers.

Brothers are co-leading the issue by a Channel Islands based vehicle which buys a 30-year loan from around or just above, issue price.

Unusually, a corporate issue surfaced in the floating rate note market when Unocal, the California oil company, brought a \$300m 10-year deal.

Repackaged deal for KFW

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Issued, Bid, Offer, Change on day, and Yield.

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Nestle and Swissair in hotel deal

SWISSAIR-Beteiligungen, the airline's holding company and Nestle group have each acquired a 25.5 per cent stake in Soderrel Holding, a Geneva-based hotel company.

N. AMERICAN QUARTERLIES

Table showing quarterly earnings for various US companies like American Stores, Swiss Franc Straights, etc.

Table with columns for Issued, Bid, Offer, Change on day, and Yield. Lists various international bonds and their market performance.

FINANCIAL TIMES SURVEY

Tuesday March 11 1986

STORAGE AND HANDLING

New technology and automated equipment are moving into storage and distribution areas, but changes are tending to be gradual rather than revolutionary.

An evolutionary path

By Nick Garnett

IN THE cold semi-darkness of Perkins Engines' parts store in Peterborough, 24 computer-controlled automated guided vehicles quietly transport pallets to and from the manufacturing lines. Five automatic stacker cranes store and retrieve 8,000 engine parts. The light is dim and the heating off because this high-bay storage operation is unmanned.

Automated warehouses like Perkins are at the high-tech end of the storage and handling business. Yet even where the requirements are less sophisticated, technical change is modifying conventional systems. There is no revolution in this part of manufacturing and distribution; it is a series of nudges on the path of evolution.

The level of interest displayed in equipment that can handle equipment more efficiently and the efforts which the manufacturers are making to meet their demand is understandable. The total cost to UK companies of on-site storage and handling plus labour has been estimated at £40bn. Cranfield Institute of

Technology's Materials Handling Centre places the cost of storage and handling at about 11 per cent of a typical company's conversion costs (the cost of production minus raw materials). It can vary from 3 per cent to 30 per cent.

Mismanagement of such costs is expensive. At one level, the UK boasts some of the world's most advanced systems, but in general the UK has probably fallen behind West Germany, Sweden and some industrial sectors in Italy.

Management of the interface between production and storage in the UK is still not properly tackled by many companies. By contrast, Japan, with its land cost pressures, the large size of its manufacturing base and its drive for volume, has up to 3,000 automated high-bay warehouses, perhaps 30 times as many as in the UK. Some 80 per cent of those Japanese warehouses feed manufacturing lines.

The hardware involved in the storage and handling of goods — industrial trucks (mainly lift-trucks) and conveyors, cranes, static and powered racking and live pallet systems — has changed little over the past decade. But how it operates

and the pressures on companies that use it have changed.

Microprocessors, for example, are becoming increasingly common. Uses range from bolt-on telecommunication systems for industrial trucks to the control of carousels. They have also given conveyors a new lease of life, to the delight of manufacturers like Rapistan-Lande and Fenamex.

Automated guided vehicles (AGVs), in existence for more than 20 years but little used in factories until the early 1980s, are moving around warehouse and storage floors in increasing numbers. Two years ago there were an estimated 500 AGVs in Britain, though many were used in direct production, particularly vehicle-building.

They have appeared in some cases in industries noted for resistance to change. Five Swedish-made Talus-Carrago AGVs handle up to 90 paper reels a day at the Daily Telegraph's new printing plant near Manchester, storing and feeding the presses in an operation that requires just three men.

Racking systems are moving increasingly towards narrow-aisle configurations with a greater tendency to high-rise

Specialised equipment ranges from the Taylor Hitech manipulator for work handling in nuclear reactors to Integrated Handling's narrow-aisle storage system for Berlei and gas-powered vehicles.

Some consultants are virtually writing-off the lift-truck under the weight of integrated manufacturing and handling systems. Most observers reject this view while accepting there will be no substantial growth in the European industrial truck market.

Several industrial truck makers, including Lansing, the UK's biggest supplier, the West German manufacturer Jungheinrich, and the Swedish company BT Rolatruc are making increasing numbers of AGVs and pushing further into the automation market.

Potentially among the most significant trends now emerging are the changing relationships between departments within companies and between purchasers and suppliers. Use of the same AGVs on the manufacturing shopfloor and in storage areas is pushing production hardware into the warehouse.

In some of the most advanced storage systems, material handling is fed into the company's total data processing systems. But such systems are few and far between and more typical of distribution than manufactur-

ing companies.

Another key development with important implications for storage and handling equipment makers is the way control over distribution is being eased away from suppliers in the UK and grasped by the big multi-store retailers. Companies such as Marks & Spencer, Sainsbury, Woolworth and British Home Stores are increasingly using their buying power to dictate distribution patterns and the size of deliveries.

This is being done through networks of central storage buildings set up by the retailers and increasing the responsibility for tight delivery on their part haulage companies where these are used at the expense of manufacturers haulage fleets. Electronic point-of-sale-retailers and suppliers linked together down a transmission line — is pushing the trend faster and further.

Storage and handling equipment makers need to keep a close watch on what is being built and where — spurred on in Britain by rate-free enterprise zones — the changes in scale of equipment requirements this is likely to bring. The distribution trend is also funneling

pressure onto manufacturing production lines where managers are already swimming in a sea of jargon like Just in Time and Flexible Manufacturing.

Most warehouses and most linkages between manufacturing and storage employ conventional systems, but with more microprocessors "bolted on."

The main development in the immediate future will be systems expertise, integrating all the computers and microprocessors with well-tried and tested equipment," says Mr Ken Firth, of Cranfield's Materials Handling Centre.

Indeed, for some operations, traditional storage and handling is the most cost-effective. There are increasing numbers of examples, though, of the paperless warehouse, hardware-packed sorting and distributing operations and AGV linkage between storage and manufacturing.

In the UK, Kodak is building a large computerised warehouse at Hemel Hempstead with driverless forklifts, AGVs and conveyors, while Elida Gibbs at Castleford utilises advanced software (though not driverless trucks). One Steirad site uses

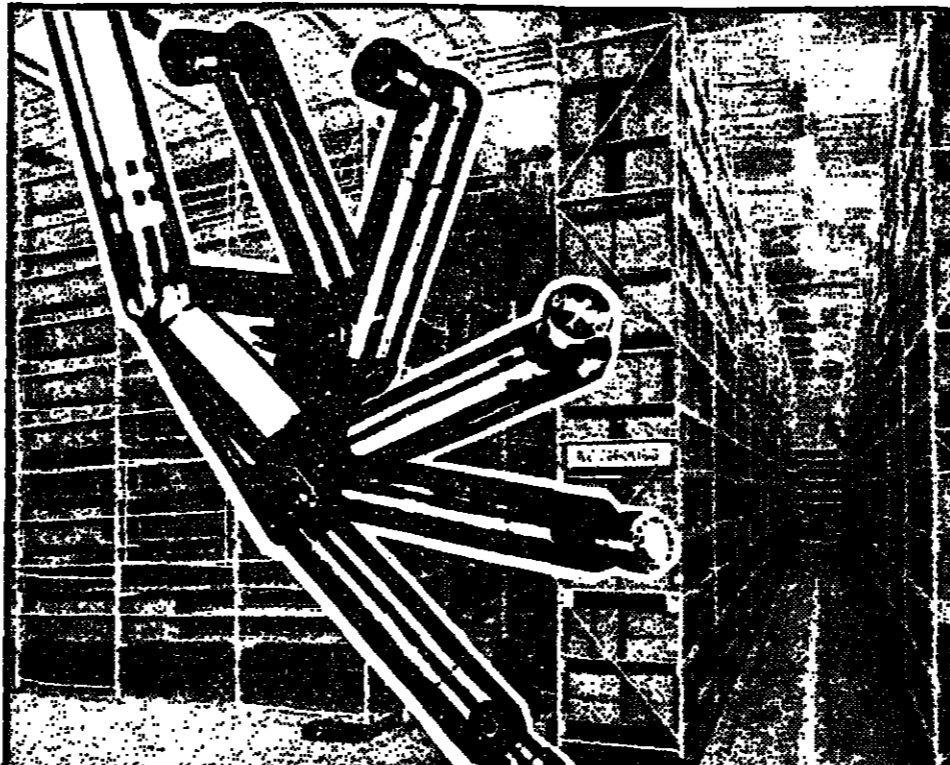
one man to manage the computerised storage and retrieval system, with moulds fed automatically to the casting operation.

The Post Office at Pantin, near Paris, coding and sorting 10,000 parcels an hour is a complex, automated, high-speed sorting system of vertical elevators, conveyors with separately programmed tip-trays, overhead trucks and centrifugal rotating loaders.

AGVs are most common in the car industry, ranging from small and medium-sized retrieval systems at Land Rover in Solihull and Massey Ferguson in Coventry, to more complex affairs at Volkswagen's Wolfsburg plant in West Germany.

The US is characterised as being behind in automated systems but there are plenty of exceptions. Hallmark, the card-making company, uses a warehouse at Enfield, Connecticut, handling up to 1,800 pallet loads a day at peak capacity, with 100,000 pallet slots in a main store 250 metres long.

Evolution rather than revolution will be the order of the day with the gap between the best and worst handling and storage practices widening.



CONTENTS	
Labour Needs	Page 2
Pace of change	
Trucks & Cranes	Page 3
Conveyors	
New Technology	Page 4
Case study: Freemans	

High survival rate

FOR the European producers of the hardware employed in storage and handling, the main difficulty of recent years has been the fragmented and overcrowded nature of the market and ruthlessly tight margins. Crane manufacturing suffers from severe overcapacity and more than 20 companies sell lift trucks in the UK alone.

In spite of tough trading conditions, the survival rate among suppliers has been remarkably high. Over the past three years, however, significant rationalisation has taken place. In the industrial truck sector, the UK company, Lancer Boss bought the West German Steinbok, Lansing

(also of Britain) has purchased the French company, Saxby, Hamech has taken over Montgomery Reid in the UK and the big West German producer Linde has bought the French Fenwick organisation. In handling equipment, imports from Japan, West Germany and Italy have been making increasing inroads but in the smaller market for static storage systems, UK makers have held their own. The UK arm of the US company, Dexion, together with the smaller Link SL, account for more than half sales of racking and shelving even though companies like the Belgian Polypal have become active.

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Storage and Handling 2

Shortage of skills holds back growth

Labour Needs

LORNE BARLING

ADVANCES IN the techniques of storing and handling goods and materials have inevitably led to a reduction in the manual labour required but it is also claimed that, as in other fields of new technology, there is no reason for a net loss of jobs.

This depends to a large extent on how far British companies are able to meet the requirements of the domestic materials handling industry, since the import of foreign equipment leads to loss of employment opportunities.

Although labour was lost through advances in handling techniques such as containerisation, more recently there has been comparatively little reduction, and according to most industry observers scope for reductions are limited.

Cost has been a big factor in persuading companies to invest in new storage and handling systems, but this has not inevitably led to a cut in jobs because computer equipment of the sophistication required to handle these systems remains expensive.

Reliability, on the other hand, has tended to work in favour of automation. Where a job can be carried out with 100 per cent reliability when automated, and the cost of the function is about the same as having it done manually, automation wins.

Just as factory automation is being looked at more cautiously after a great bout of enthusiasm the more revolutionary handling systems are also being examined again. Greater integration of manufacturing and handling functions will come eventually, but at present there are few moves away from conventionally operated systems.

Skills in materials handling have changed a great deal. A previously low-skill sector has moved into a much higher one, with knowledge of computer operating commonly expected.

Mr John Williams, director of the Materials Handling Centre at the Cranfield Institute of Technology, says the industry is

facing a difficult period in deciding what kind of systems it should be ready to provide.

Great flexibility is seen by some as essential but could also be potentially disadvantageous, since the freedom of option allows room for confusion and error.

Overall he believes that British industry has more to fear from the lack of high technology than from its presence, in terms of labour and efficiency. This is probably the way to counter the threat of low production costs in the third world, he says.

One of the main problems within the materials handling sector is training, which has not kept up with the sophistication of equipment. The upgrading of skills, itself a benefit to the labour market, has not happened fast enough.

"People who want to install new equipment can do so, but the constraints on knowledge mean that they don't feel confident to go ahead with advanced schemes," Mr Williams says.

Researching

Since the start of the recession many of the social restraints involved in introducing new equipment have gone, but there is little point in installing this equipment unless there is an expansion in sales.

The market for materials handling equipment is fairly static, and it is data handling which is of greatest importance, he says. But there is a growing shortage of electro-mechanical skills required to meet the demands of the industry.

Great strides have been made in technology terms but there is still a long way to go before human senses can be matched in a way to replace key employees. Manufacturers of equipment such as fork-lift trucks are researching new systems, but a company such as Lansing is basically conservative in its views about short-term change.

Safety remains an important aspect of employment in the industry, and although it is accepted that the record has improved, constant efforts are being made to continue this progress.

A report from California has identified tipovers as a main cause of serious injury to fork-lift truck drivers and has examined ways of minimising the proportion of deaths and serious injury in these accidents. Extensive work has been carried out by the Clark Equipment Company on driver safety. This relates mainly to the need to restrain the driver inside the protective area of the cab, which is seldom likely to be seriously damaged when a truck overturns.

Clark carried out tipover tests, employing a stunt driver to take the vehicle up a ramp and tip it over in a simulated accident. Following the test, it was recommended to Clark management that trucks under 8,000 lb capacity should be equipped with "winged" seats with lap belts, which hold the driver in the seated position.

"Further, the restraint system should be implemented in production as soon as possible and a programme initiated to develop a more passive device than a lap belt if technically possible." Clark accepted these recommendations and provided funding to continue the project, and to fit the seats to its trucks.

Mr Harry Moore, project specialist at Link 51, says that any feasibility study on handling equipment had to include estimates on labour saving, although this could often be done more accurately by the companies. In spite of automation, motor manufacturing remains one of the most labour intensive industries in materials handling, due partly to the complexity and number of components, he says.

In consumables such as confectionery, the labour requirement is also high, although efforts had been made by manufacturers to reduce the numbers.

He points out that any new handling system needs to be introduced with care if labour relations are to be protected, and that radical changes are not always best adopted through a direct approach to employees. In these cases, consultants are often used for preliminary work.



Safety of lift-truck drivers should be improved by a new seat on Clark equipment (left). But modern systems like that designed by BT Rolatrac for Perkins Engines' parts store often do without drivers altogether (right)



Benefits tracked down just in time

Pace of Change

ANNA KOCHAN

THE DRIVE to improve performance through such concepts as flexible and computer-integrated manufacturing is demanding a rethink in material handling. The emphasis on reducing inventory and producing in small batches to customer orders has made it crucial to keep tight control on location of items and ensuring that material gets to where it is required at the time it is needed.

In a traditional manufacturing environment, a product could spend up to 95 per cent of its time in the factory moving around and waiting to be used. The scope for improvement is therefore enormous. However, the automated warehouses and guided vehicle systems which many companies have begun to install are merely "islands of automation" which attack only part of the problem. Real benefits come when a computerised materials handling system is fully integrated with the over-

all manufacturing control system. The move towards just-in-time production (JIT) is having a considerable effect on handling activity. This concept, initiated in Japan, proposes that every aspect of the manufacturing operation occurs just-in-time for the next, in theory eliminating all waiting and storing.

Raw material is delivered just-in-time for the first processing operation, which is completed just-in-time for the second, and so on. At the end of the cycle, the finished product is packaged just-in-time for delivery.

The intention is that all products are made to order, not for stock, saving raw materials, work in progress and finished product inventories. It is a fine idea which is going through a period of great popularity.

However, it relies on changes in materials handling practice. The most notable is increased emphasis on material tracking rather than on storage. It is not, however, possible to eliminate storage altogether as some experts have proposed.

A highly efficient materials handling system is needed

which operates as an integral part of the manufacturing process. This means that a materials handling computer supervises and co-ordinates the operation of various conveyors, automated guided vehicles, robots, carousels and automated storage and retrieval systems. It also communicates with the other computer systems in the plant.

Efficient

This enables total control of the manufacturing operation. The management information system has data about the contents of the stores, the status of machines and the production schedule.

With such information, unplanned events can be taken into account and stoppages prevented. If material fails to be delivered on time the schedule may have to be revised. When machinery breaks down, alternative production routes may have to be found. If products are below standard, emergency orders may have to be processed. No-one expects a plant to run exactly to plan but the more that unforeseen events

can be handled, the better the overall performance.

Highly efficient materials handling machinery is necessary. The various elements must be computer controlled and companies have also found it necessary to reorganise their methods. First, it is crucial to store work-in-progress as well as raw materials and finished product. If work is formally assigned to storage whenever it is not being processed, much greater control is possible than if it is just allowed to pile up in the aisles.

As a result, companies have begun to establish materials handling systems composed of a variety of stores close to the processing areas and served by the same transport system— frequently a fleet of wire-guided automatic vehicles.

The stores must also be highly efficient. Under JIT a company will handle a greater quantity of smaller-sized batches, and the amount of material in the plant at any one time will be reduced. Each store may therefore not need a great deal of capacity but it will have to cope with a large number of transactions.

To create the same produc-

tion output but in smaller batches involves improving every aspect of the store: the goods inwards and goods outwards transport; the storage and retrieval mechanism; and the data management function. The move towards small-batch production has encouraged development of flexible manufacturing systems, which can be reprogrammed to produce a variety of items in small batches. This equipment tends to be highly sophisticated and expensive, and many are designed to operate unmanned for limited periods to improve the payback.

For the equipment to be fully automated and allow unmanned operation during the nightshift, a sufficient buffer of items has to be prepared during the manned periods so that they can be shipped to and from the workstations automatically.

This again places demands on the materials handling system. The buffer, the transfer devices and the control system are essential to the smooth running of the system and its continuity throughout an unmanned shift.

Anna Kochan is editor of the FMS magazine.



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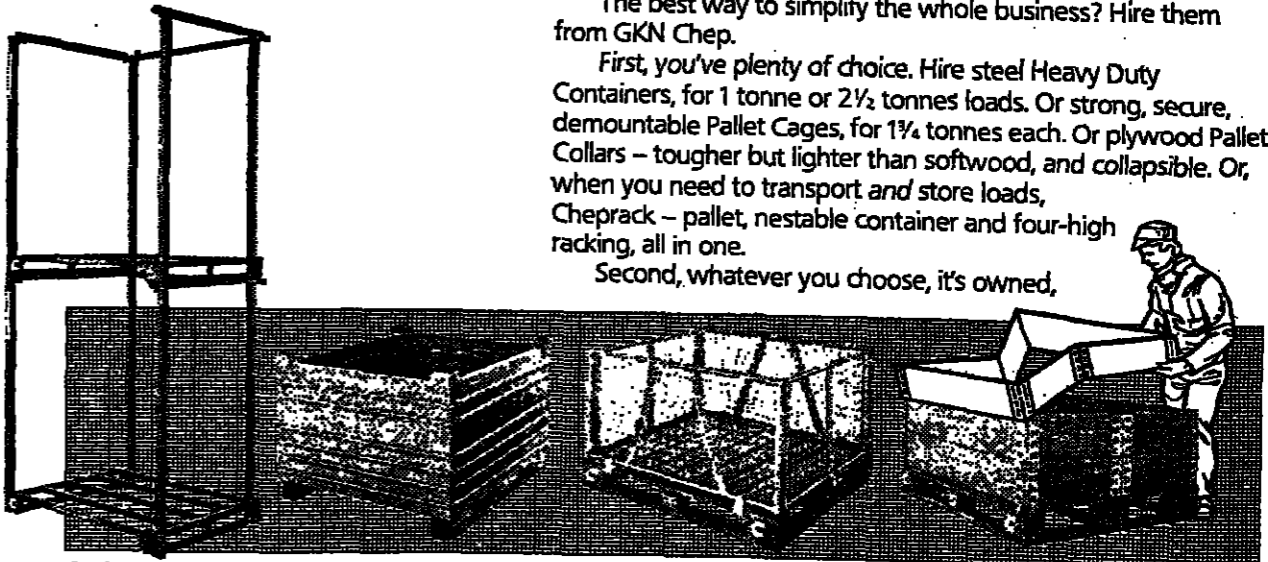
Sometimes, there's no substitute for containers. They handle loads that won't self-stack, or which need protection from damage and pilferage.

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Storage and Handling 3

Lorne Barling on equipment suppliers' adjustments to changed markets

Heavy marketing as demand rises

Trucks & Cranes

MANUFACTURERS of industrial trucks have emerged shaken by the severity of the recession and are finding that in many respects the structure of the British market has changed.

The situation suffered by the machine engineering sector and light industry in general has considerably reduced this section of the market, while there has been a large growth in demand from consumer-related industry.

At the same time, there has been considerable over-capacity within the industrial truck companies in Europe, and competition has been intense for a long period. Nevertheless, investment has been made in new models and as demand begins to improve, heavy spending on marketing is taking place.

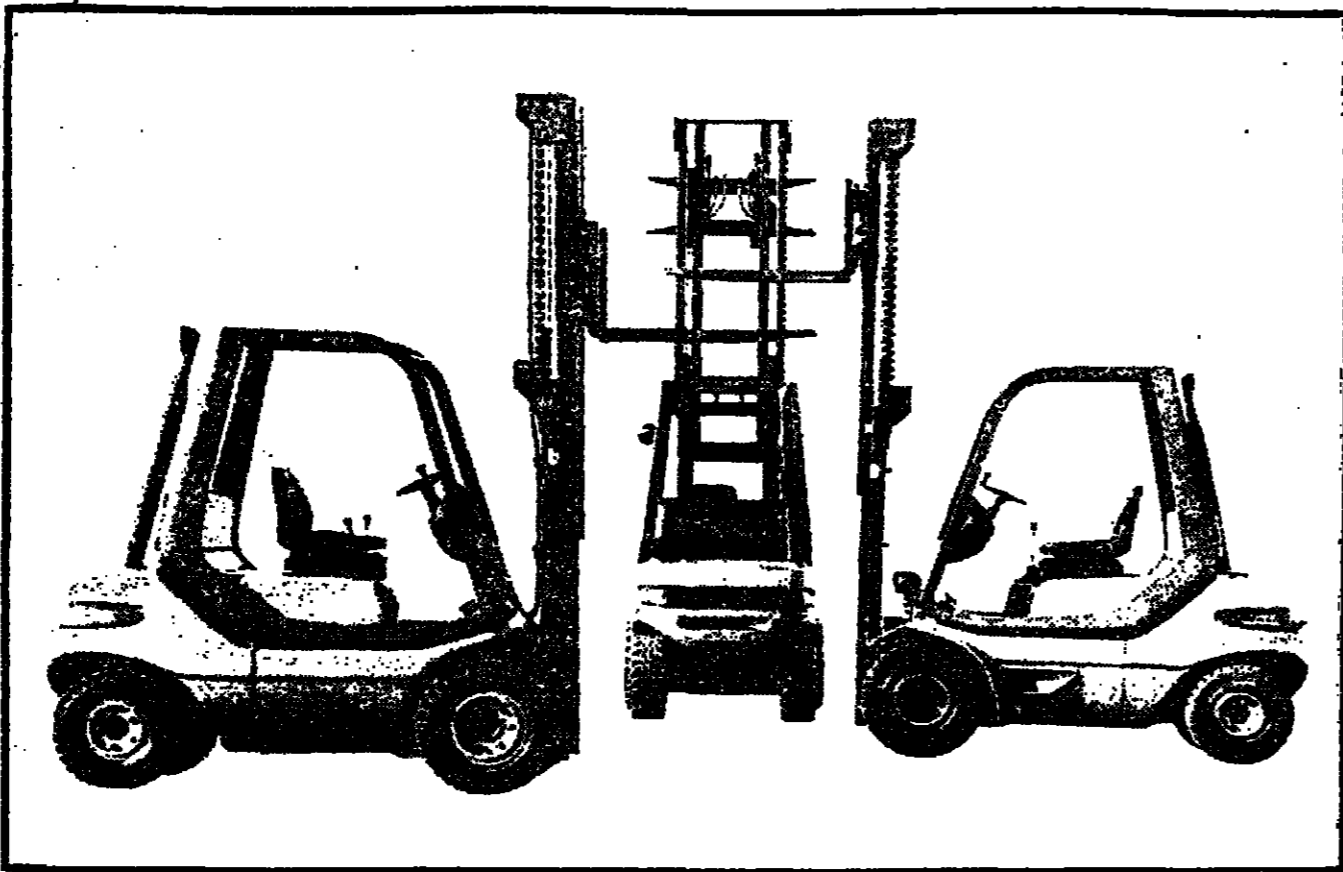
Lancaster has probably the largest product range of any lift truck manufacturer in the world, and has launched its driverless WD Auto warehouse truck. This is not an automatic guided vehicle (AGV), but by means of telemetrically communicating computers it finds its own way round a warehouse to locate and retrieve loads.

A series of picking instructions can be simultaneously entered into the computer and these are then transmitted by radio, infra-red or ultrasonic signals. The truck follows a grid of induction wires laid in the floor.

The Linde Group, claimed to be Europe's largest lift-truck manufacturer, has launched two new ranges of fork-lift equipment in the UK claimed to be unique in their hydrostatic control system. This offers variable torque and speed control in both directions. The Deutz engines produce low noise and emissions.

Exhaust emission in general is being tackled in a number of ways, and companies such as Engine Control Systems of Eastbourne are offering catalytic exhaust purifiers for diesel and gas-fuelled engines.

Although the main truck manufacturers retain the business of the larger companies in the UK, there are a surprising number of smaller manufacturers who have managed to find niches in the market, often by concentrating



The new range of Linde fork-lift trucks claims a unique control system

on smaller buyers or through specialising in one type of equipment.

Hamech, now incorporating Montgomerie Reid, is launching a top-end four-wheel counter-balance truck in its Hamech Ransome E Range, and a platform truck capable of carrying up to two tonnes.

Barlow Handling has updated its range of Hyster diesel and gas-powered trucks, mainly with the aim of producing greater driver productivity, while a range of Italian electric lift trucks is being launched in the UK by Decca, a subsidiary of the British concessionaire for Lamborghini cars.

These have some unique features which make them particularly suitable for container loading and stripping according to the company. They also have electro-magnetic braking.

The traditional versatility of the fork lift which remains a main reason for its success, is continually being extended by attachments for particular

applications. One producer of such equipment, Manns Mechanical Equipment, supplies clamps, spreaders, rotators, manipulators and booms for every carriage type, based on FEM and DIN plate type carriages.

Suffered

Many larger truck manufacturers such as Coventry Climax were faced with considerable rationalisation as a result of recession, but most have now emerged considerably more efficient, if much reduced in production capacity.

In the late 1970s there was also a serious challenge from abroad—mainly Japanese, West German and Swedish companies—but this has slowed considerably as a result of less favourable exchange rates for imports of this kind.

The market is estimated to have hit its lowest point in 1981, and started to improve in 1983 and 1984, but the re-

covery has not restored demand to anything like the 1979 peak according to industry sources. Nor do many people believe that level will be reached again because of the decline in manufacturing.

The market for industrial cranes and related equipment has suffered similarly, according to leading supplier Mannesman Demag of Banbury, which points out that there is now an oversupply of equipment, mainly from redundant factories.

This has been compensated by increasing demand for automated overhead handling systems, such as those used in the motor industry, and automated storage equipment manufactured by Demag.

"There is reasonable demand for a number of systems, but this demand is mainly consumer-product led," the company says.

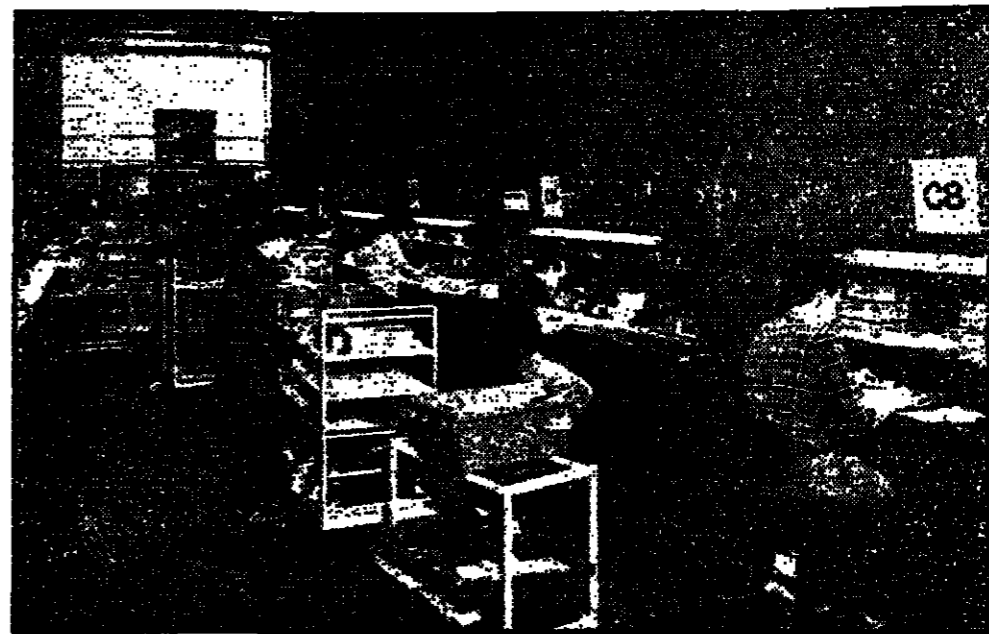
Higher technology equipment is also in demand, such as controllers for special-purpose

machines, some of which was developed by the company for heavier applications such as in the steel industry.

A sector of industry which remains buoyant for overhead systems is electronics, particularly at the heavier end. "This year has started well for us, but the big question is whether it will continue. It is a matter of whether we will continue to see some increase in demand from light manufacturing industry for overhead track systems," the company says.

Other sectors of the crane industry have seen improvement in demand in recent months but this is slight compared with the substantial decline over the past few years, again related to the decline of heavy manufacturing industry.

There is now a highly fragmented crane industry which ranges from large companies to small specialist producers, most of which have to rely on established suppliers of components.



Electronic components are kept in Dexion vertical carousels in the Mitel Telecom raw materials store

Pressure for flexibility

IT IS NOT just the big store groups which have reason to be pleased with the continued buoyancy of retail sales, nor the airlines alone which can take satisfaction from a continued growth in air travel.

From these sectors has come the demand which has helped over the past few years to fill out thin order books among the manufacturers of handling equipment, including the suppliers of conveyor systems, balancing out the decline in other areas within manufacturing industry, such as steel and metal manufacture.

Sover Marshall, which is diversified through a range of conveyors and handling systems, reports that on balance it has seen an upturn in business, in spite of a 20 per cent commitment to supplying the mechanical engineering sector.

"We have spread into other areas and seen quite a lot of growth. The distribution of our business has continued to expand fast and equipment is in demand, but it is very competitive because everyone else is getting into this market," the company says. Loading and unloading of vehicles remains one of the prime areas of activity.

The upturn in the market has been comparatively recent for some companies—perhaps only in the past few months. Some are tentative about projecting this into the rest of the year, although the outlook for consumer spending remains

encouraging for the industry. One of the factors common to the installation of almost all conveyor systems is the attention being given to how they will integrate with changing conditions in industry. Factory automation is exerting long-term pressure on designers to produce more flexibility, although many would argue that it is almost impossible to foresee the detailed changes coming in manufacturing technique.

The trend towards a unit construction approach to the design and manufacture of conveyor systems has helped in

for Bull Computers in France. IBM is playing a leading role in the factory automation field and could set standards in the computer operation of such systems in much the same way as it has in other areas of computing.

The outlook for the lighter end of the industry looks healthier than for some time but it also seems likely that specifications will become increasingly complex and demand more input from electronics experts.

The launch of GKN Chep's national pallet and container pool in 1974 was one of the major events in the industry. Chep now owns more than 5m blue wooden pallets with 100,000 units of material handling equipment available for hire from its pool such as cages and heavy-duty bins.

Last month Chep launched a new scheme which could have the same breakthrough effect as pallets pool. After 2½ years of trials, its roll pallet pool has been launched.

At an average cost of £60 a unit, every company owning roll pallets is aware of the high capital investment required and of the operating costs mainly through losses and damage. Chep estimates that this cost British industry around £25m a year, and claims that the pool will reduce losses by up to 25 per cent. It involves an investment by Chep of around £1m, the company said.

Conveyors

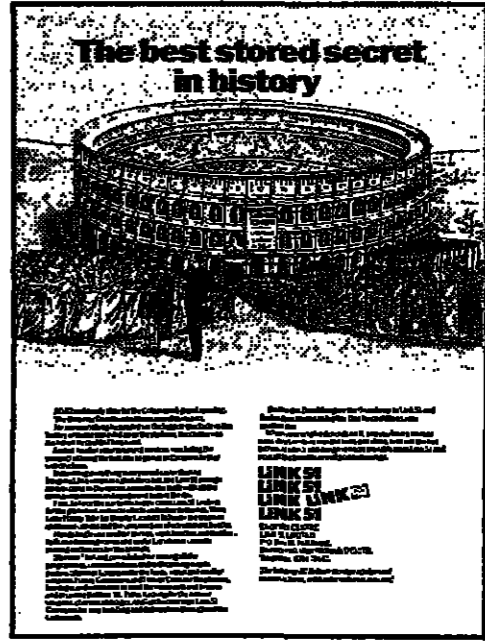
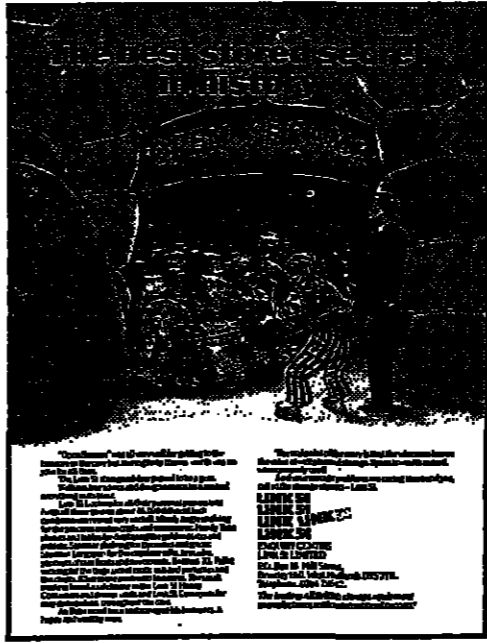
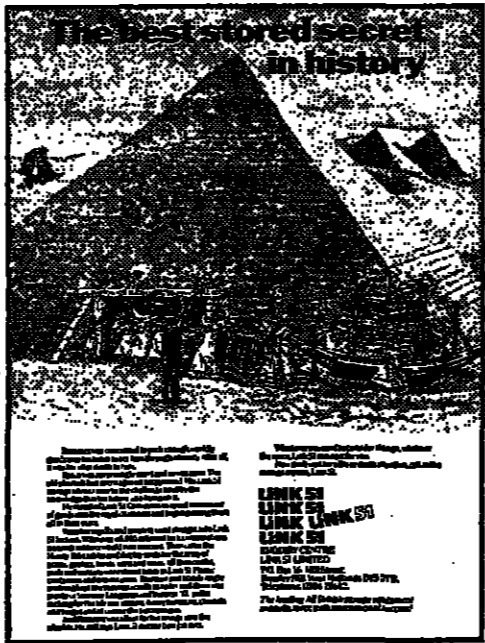
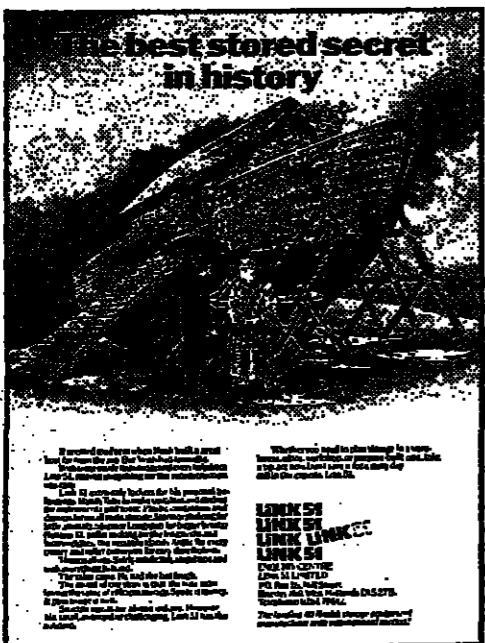
this respect and closer links will develop between the larger conveyor companies and the suppliers of robotic and automation systems.

This kind of approach has been adopted by Rapistan Lande's production management system, a modular conveyor concept for the automatic control of production processes with simultaneous management of work in progress.

It is specially designed for production assembly and manufacturing and can accommodate operator work-stations or be integrated with robots and numerical control machinery. Systems have recently been installed for IBM in Scotland and

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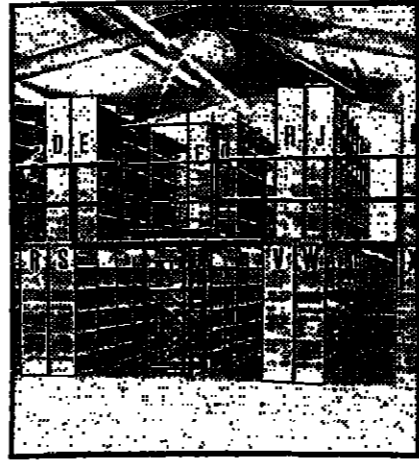
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The product range includes the famous Handy Angle, Handy containers and drawer units, Handy Tube, Linkway Conveyors, Stormor shelving, LINK 51 lockers, and Boltless 'XL' pallet racking. Used the world over by companies with household names, LINK 51 products are made in Great Britain, in six modern capital intensive plants, including a steel processing mill and an injection mouldings plastic factory, providing complete control over every stage of manufacture, ensuring the highest quality and service.

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*Copies of the Advertisements on 'The Best Stored Secrets in History' are available from the Press Office, LINK 51.

Storage and Handling 4

Anna Kochan and John Dwyer report on some applications of computer technology in the industry

Bars on boxes smooth path to efficiency

ADVANCED FACTORIES aim to run regular unmanned shifts with computers not only handling large quantities of data and controlling sophisticated automated equipment but also coping with any emergency without bringing the expensive machinery to a stop. In the distribution sector, however, a smooth-running and efficient organisation is the driving force behind the introduction of computers.

Many companies at the forefront of this technology are applying computers to reorganise parts of existing warehouses and automate inadequate facilities but few are pulling down old premises and starting from scratch. There is not yet talk of unmanned distribution.

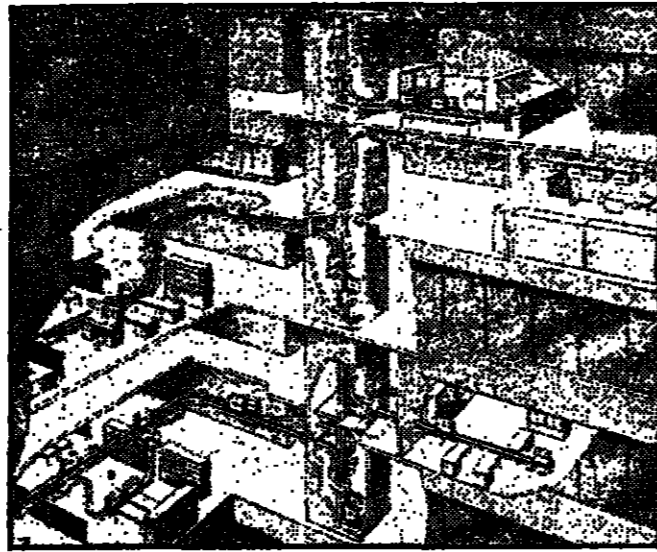
A good example of trends in automated materials handling is at the Nabisco Group cereal factory in Welwyn Garden City. Until recently it was impossible to assess annual produc-

tion output there. Individual records of production quantities were kept by the packing line supervisor and the warehouse manager. When the managers met at the end of each shift they never agreed on their totals and a compromise had to be made. In the course of a year, discrepancy could reach tens of thousands of pounds.

In 1983, Nabisco developed an identifying bar code on every case. A laser scanner was then able to identify a flow of random cases coming off the production line and count them. The system has also achieved more efficient use of pallets.

It has been linked to a conveyor system which, under computer control, routes the random mix of cases into queueing lanes for automatic palletising, according to identification through the laser scanner.

Bar coding is one of the main areas of technology on which current investment in materials



Documents can be automatically distributed around buildings by a system like the Sovex Marshall Unitrass

handling systems are based. At Clark's main distribution warehouse in Somerset the introduction of bar code labelling has been the force behind an efficiency drive.

The warehouse used to be managed by a large mainframe computer and to make order-picking more effective, 100 individual orders would be combined into one. However, once the bulk order had been picked, it had to be sorted manually into its constituent 100 parts, a long and tedious task.

It was a simple matter to allocate a bar code label to each shoe box. When the bulk order of some 2,000 boxes has been picked, exactly as previously, the boxes pass across a laser scanner connected to the computer responsible for sorting.

This computer, supplied with details of the 100 individual orders from a computer responsible for work-in-progress, controls a system of chutes which can sort the boxes into their orders. The orders then proceed to a shrink-wrapping station and are ready for despatch. Consignment time has been reduced by more than 90 per cent by this system.

The pharmaceutical industry is taking up the concept of full automation enthusiastically. GEHE Weiterstadt, one of West Germany's largest pharmaceutical wholesalers, uses an order-picking system in which tote bins marked with a fixed order number are directed under central computer control to appropriate sections of the

Sorting out connecting problems

THE TROUBLE with computers is not that they cannot deal with the components in modern storage and handling systems. They can manage fleets of fork lift trucks, read automated identification systems, or control sorting conveyors, AGVs, carousels, automated storage and retrieval systems (ASRS) or palletisers. But problems arise when it comes to connecting all these things.

Warehouses use everything from a microprocessor through a programmable controller to a mainframe. An overall warehouse computer manages stock demand but there are microprocessors or programmable controllers on cranes, fork lifts, automatic guided vehicles and conveyors, on order pickers and at automated store and kitting stations.

In a manufacturing company a production control computer sits above these and at the top is a corporate computer to deal with orders, marketing information and so on.

Integrating all these systems is far from easy. It took IBM four years to commission the now smoothly-running warehouse for its Greenock factory even though, apart from the programmable controllers supplied with conveyors and so on, all the computers in the hierarchy were his Series 1.

Mail order companies believe they will be most competitive if they keep handling automation—sorting, sorting conveyors—to a minimum and use a large staff to make sure their agents get the goods at once. But along with that goes a commitment to keep stocks to a minimum. This is helped by the use of powerful computer models which take in previous buying patterns and help buyers estimate near-future demand.

A key recent development has been a technologically-induced surge in applications for the sorting or "sortation" conveyors usually associated with mail order. A sorting conveyor carries parcels on tilting slats or a tray which tip it off at the lane, chute or container for its depot or customer.

The sorting surge arises because retail multiples like Marks & Spencer no longer wish to use big regional centres just to hold large stocks for long periods. The cost of sup-

porting such stocks when interest rates are at record levels is unacceptable.

Electronic point of sale (EPOS) terminals in shops reduce the inventory in the pipeline. They tell head office how many of an item one store has sold in a single day. Knowing local buying patterns in such detail allows the multiples to sort goods into loads for each store. The store is replenished at frequent intervals.

This throws the inventory problem back on the makers of the goods because they are being asked to produce smaller quantities more frequently. British Home Stores' vans, for example, collect from them on the way back from delivering between warehouse and store.

Suppliers may also be expected to bar-code goods, though no retailer or mail order house could expect this to

apply to its smallest supplier. Mr Mike Cottingham, of Freemans, says his organisation has 2,300 suppliers, many in developing countries. He thinks one way round the problem is to get the shipper to do the bar-coding once the goods arrive in the UK.

There is even talk of asking suppliers to do the store-by-store sorting, but a more likely development is to take makers' boxes to sorting warehouses which allocate them to their final destination.

The multiples might own these sorting warehouses but they might also be built by third parties—likely candidates are Fashionflow, the National Freight Corporation, BRS and Lowfield Distribution—who could offer a sorting and delivery service. The service will not be free.

Whatever happens the cost to

the consumer could go up. If loads are sorted store-by-store, lorries deliver more fresh air with each load; you cannot pack a box with 50 different items as closely as you can pack 50 of the same.

The inventory and sorting problem is not just for suppliers who rely on business with the multiples. It also applies to manufacturers which supply components to larger companies, particularly the car industry. Mr Firth says one supplier to the car industry is expected to supply car body trim in the sequence that it is wanted on the assembly line and even to alter brackets to compensate for tool wear on the body pressing.

John Dwyer is consulting editor of Automated Factory, a Fin-Tech newsletter.

J. D.

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As a result, a new form of identification is being developed to cope with the need to automatically handle pallets of workpieces and tooling in processing. This is a small programmable device with a memory which can be permanently built into a pallet or tool holder.

A. K.

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CASE STUDY: FREEMANS Coping with returns

ONE OF the characteristic complexities of mail order is that it has to cope with large numbers of returned goods. Freemans Mail Order at Peterborough does this using Trans-Link rail-rail AGV linked to an IBM 4361 control computer and under-floor programmable controllers.

The goods come into the 11.1m system at one of 82 terminals. It identifies that the item is back and updates the customer's account. The item is put in one of eight baskets on the AGV and the operator keys in a reference number for the item, and which basket it is in on which of the 80 AGVs.

The computer knows how many items are on each AGV, which basket they are in and the reference number of each item.

Freemans stocks about 32,000 items, so before they can be inspected, they have to be labelled so inspectors know how to deal with each one. If these are returned, for example, the label will ask the inspector to check whether the laces are missing. It also says how to repack the item and whether it needs special labelling. The reference number is on another label.

The control system ensures that Pragma 5000 printers produce these labels automatically after the AGV leaves the opening station. At the next station the labels are stuck on the goods for inspection.

Each item is allocated a standard time for inspection and repackaging, so each AGV is given a certain amount of time for its items to be dealt with.

Inspectors are arranged in 64 groups of four. Each group is allocated a productivity figure which allows the computer to measure whether a group will deal with a load in more or less than the standard time allocated.

If there are 120 minutes' worth of work on an AGV and it goes to a group classed at the standard rate, the time is divided among the four inspectors as half an hour each. It allocates other AGVs to the next free group.

After inspection, a Technikon electronic camera reads a dot-matrix location code on the package and it is sorted with a Logan tilt-tray conveyor into one of 108 locations.

JOHN DWYER

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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Lobby groups

Little optimism about Budget

BY WILLIAM DAWKINS

SOME of Britain's small business lobby groups are beginning to fear that cracks are appearing in the Government's support for their cause. Nigel Lawson, the Chancellor of the Exchequer, will certainly have to speak hard to win the hearts of the more critical among their ranks when he delivers his Budget speech a week today. "We are fed up with a stream of anti-small business legislation," complains Bernard Juby, chairman of the National Federation of Self-Employed and Small Businesses, which yesterday published a list of 36 recent government actions that have made "entrepreneurs' lives harder."



Nigel Lawson on the receiving end of hard lobbying

"We have heard a lot of rhetoric," says Juby, referring to the Government's pledge to cut business red tape. "But we have yet to see the reality." Sir Mervyn Dymally, chief executive of the Forum of Private Business, echoes this point: "The Treasury has run out of steam as far as small businesses are concerned. I don't really think that any more proposals are being put forward, and if they are, they are of a very limited nature."

The business of design

The next course starts on April 28. Applications must be made by March 21. For details contact LEEntA, 69 Cannon Street, London EC4N 3AB, Telephone 01-236 2675. More help for young designers comes from a one-year course at Eaton Hall Design Workshops in Aldford, Cheshire. Places are available for eight postgraduate design students, who will be shown how to translate their degree projects into technically sound commercial propositions.

UK venture capital looks to regions

BY IAN HAMILTON FAZEY

CITY OF LONDON venture capital groups are beginning to look more seriously at Britain's outlying regions for investment opportunities. Economically buoyant areas like London and the south-east have tended in recent years to take the lion's share of British venture capital investment. But that is now starting to change as fund managers begin to find that good quality propositions are getting increasingly hard to find in the south.

Since Lazards also has £5m in a fund with the Welsh Development Agency and £10m in Business Expansion Scheme funds around Britain, it has clearly managed to pull in an impressive amount of money from outside London already and established itself as a leader in regional risk investment. Lazards' regional funds started in May 1983 with the Riddings Unit Trust, covering Yorkshire and Humberside. Northumbria followed in September, with the North West which takes in Clywd and Gwynedd in north Wales as well as Greater Manchester, Lancashire and Merseyside—coming in March 1984. Eastern Counties and the West Midlands followed in February and April 1985 respectively.

A search for new markets was the original motivation, says Lazards' Tony Puckridge. "I was responsible for specialised unit trusts in the pension funds. The market was falling. The funds were mature. We had to look for something new to take up the running in the next five years," he explains. "We decided to go for more specialised funds, dealing specifically with the US, Asia and small business. The regional funds are part of this."

Business Opportunities

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UK COMPANY NEWS

Year of growth puts TDG on £30m profit

A YEAR of strong growth at Transport Development Group has seen taxable profits ahead by 23 per cent to a record £29.57m for 1985...

The directors say that increasing economic activity, a turnaround by some of the poor performers and a continuing shift of investment out of unproductive assets all contributed to the substantial uplift in profit...

The final dividend is increased by 0.5p to 4.5p making a total of 6.2p (5.6p). Earnings per share are shown at 12.37p (10.89p).

The Independent Broadcasting Authority was accused in the High Court yesterday of acting unfairly and in breach of its legal duty when it blocked Rank Organisation's £733m takeover bid for the Granada Group...

IBA accused of acting unfairly over Rank bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Independent Broadcasting Authority was accused in the High Court yesterday of acting unfairly and in breach of its legal duty when it blocked Rank Organisation's £733m takeover bid for the Granada Group...

The IBA had listened to Granada's opposition to the takeover but failed to give Rank any opportunity to make representations before the decision was taken...

Rank's only interest, said Mr Kemp, was as a Granada shareholder. The fact that it was making a takeover bid did not improve its legal status in the matter...

made its decision on the ground that a Rank takeover would be unacceptable...

The decision had been taken after Granada had apparently told the IBA that the Rank offer was unwelcome and would be resisted.

In evidence read to the court Lord Thomson denied having given Rank any reason to believe it would necessarily be consulted.

A meeting with Rank would have given the company "unjustified expectations" and might have created a false market value in Granada's shares...

He regretted that Rank might suffer financial loss as a result of the decision, but said that the company had known of the provision in Granada's articles and deliberately chose to go ahead with its bid without approaching the IBA.

The hearing is expected to end today. Granada Group shareholders voted to postpone yesterday's annual meeting...

That invitation had never been taken up, although Lord Thomson, the IBA chairman had implied that the IBA would

All-round growth helps Low & Bonar to £13m

Low & Bonar, the Dundee-based industrial group, lifted pre-tax profits by 16 per cent from £11.49m to £13.32m for the year to November 30, 1985.

This year has started well both for the existing business and the recently acquired Bencrose Packaging and Cole companies, and the directors are confident of the outcome.

Although group turnover fell to £117.45m (£137.67m), the figures are not comparable due to the active disposal and re-investment programme undertaken during the year...

Reflecting a higher tax charge of £4.72m (£3.6m), earnings per 50p share rose only slightly from an adjusted 36.05p to 36.76p.

The fall in the value of the Canadian dollar last year made

Laidlaw Thomson

Laidlaw Thomson Group, the architectural ironmonger floated on the USM last March boosted profits by 30 per cent in 1985 to a record £758,000 pre-tax against £585,000.

The recommended final dividend of 2.5p means the total for the year will be 3.75p, outstripping the 3.5p forecast when Laidlaw Thomson came to the market.

T & S Stores up by 51%

T & S Stores, the USM-quoted tobacco and confectionery retail chain, reported pre-tax profits up 51.4 per cent in the year to January 4 1986.

The Midlands-based company says sales of higher-margin products contributed to a 10 per cent increase in overall gross margin in 1985, while cut-price cigarettes remain important for attracting trade.

Last week the Customs and Excise announced restrictions on the permitted deliveries of cigarettes to suppliers until two days after the Budget.

The final dividend is 1.5p, bringing the total to 3p against 1984's single dividend of 1.575p.

Another 21 shops opened in 1985 bringing the total to 80 by the end of the year.

Further two stores have opened in 1986 and by the end of this year, T & S expects to have a total of 100.

Gold Greenless 59 times oversubscribed

The stock market flotation of advertising agency Gold Greenless Trot, was 59 times oversubscribed.

Applicants for more than 15,000 shares account for 2 per cent of the shares applied for.

Letters of acceptance will be posted on March 13 and dealings should begin the following day.

Phicom 42% down and expects further decline

THE ALREADY depressed shares of Phicom, the electronic company 61 per cent owned by Magnum Corporation of Malaysia, fell a further 2p to 24p yesterday.

The directors say that the current full year has started slowly, and that group profit will be lower than the £2.11m reported for 1985, which was itself a sharp drop from the previous £3.62m.

The dividend for 1985 is held at 1.1p with an unchanged final of 0.75p, but the company says that the level of dividend for 1986 will be dependent on the result achieved.

MERCHANTS TRUST increased net asset value per 25p share to 134.03p (£121.74p) as at January 31 1986.

Vinten subsidiary faces problems

Vinten Group's avionic systems subsidiary is facing further problems with its contract to develop a high-powered video recorder used in military reconnaissance.

The fixed price contract was entered into by Vinten and Sons (now Vasi) before it was acquired by Vinten in 1984. Vinten has already provided £814,000 against an anticipated loss on the contract...

J.C. Penney International Finance Corporation

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Notice to the holders of J. C. Penney International Finance Corporation 4 1/2% Convertible Subordinated Guaranteed Debentures Due 1987 and J. C. Penney Europe, Inc. 6% Convertible Subordinated Guaranteed Debentures Due 1989 ("Debentures") convertible into Common Stock of 50¢ par value of J. C. Penney Company, Inc.

NOTICE IS HEREBY GIVEN that the Board of Directors of J. C. Penney Company, Inc. has declared a dividend distribution of one preferred stock purchase right on each share of its Common Stock of 50¢ par value ("Common Stock"), payable as of February 7, 1986.

Each right when exercisable will entitle the holder to purchase 1/100th of a share of Series A Junior Participating Preferred Stock at a price of \$150 per 1/100 share, subject to certain anti-dilution adjustments.

Holders of the Debentures will receive said rights with the Distribution Date (as defined in the Rights Agreement) dated as of January 28, 1986 between J. C. Penney Company, Inc. and Morgan Guaranty Trust Company, as Rights Agent, unless the rights are earlier redeemed or expire upon the conversion of their Debentures into shares of Common Stock.

J. C. PENNEY COMPANY, INC. D.A. McKAY, Vice President and Treasurer

New York, New York March 7, 1986

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Anything, did we say? Yes, more or less. We're aware that's rather a large claim. However, we are rather a large practice. (We've eighty-five partners and associates, and over five hundred staff in the UK alone.)

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As a matter of fact we think our size adds perspective to our experience and skills. Big can be beautiful too, you know.

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It will guide you to the person you need. Of course, who you need depends on what you want. So let's run through what we do.

Our investment people handle buying and selling, and the funding of property development. We work for owners, occupiers, and, of course, investors.

Our agency teams cover, amongst other things, developing, letting and acquiring, as well as rent reviews and lease renewals.

And whether you're buying or selling, occupying or investing, be it office or factory, farm or fenland, almost anywhere in the world, our valuations group can tell you what it's worth.

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AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various financial products and companies, including 'Open-ended Fund Mgmt Ltd', 'Sun Alliance Fund Management Ltd', and 'Allied Dunbar Assurance Plc'. It includes columns for company names, addresses, and contact information.

Table listing various financial products and companies, including 'Allied Dunbar Assurance Plc', 'Continental Life Insurance PLC', and 'British National Life Assurance Co Ltd'. It includes columns for company names, addresses, and contact information.

Table listing various financial products and companies, including 'General Portfolio Life Ins. Plc', 'Kingsway Home Kingswood', and 'Imperial Life (UK) Ltd'. It includes columns for company names, addresses, and contact information.

Table listing various financial products and companies, including 'Manufacturers Life Ins Co (UK)-Contd', 'Property Growth Assur Co Ltd-Contd', and 'Schroder Unit Trust Managers Ltd'. It includes columns for company names, addresses, and contact information.

Handwritten signature or mark at the bottom of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Main table containing financial data for various insurance, overseas, and money funds. Columns include fund names, descriptions, and numerical values.

Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTION

3-month call rates

Table listing traditional options and 3-month call rates with associated fund names and values.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Firm dollar lacks conviction

The dollar rose in this European foreign exchange trading as dealers took profits and covered short positions. Their counterparts in New York showed less inclination to buy the US currency, however, and the dollar in London close the dollar slipped back to DM 2.28.

£ IN NEW YORK

Table with columns: Close, Mar. 10, Prev. Close. Rows for 1 month, 3 months, 6 months.

Exporting countries next week-end, and the Budget statement will be the Chancellor of the Exchequer next Tuesday.

FINANCIAL FUTURES

US bonds strong

Treasury bond prices rose sharply in the London International Financial Futures Exchange yesterday. Sentiment remained very bullish after last week's round of interest rate cuts which included a half point reduction in the US discount rate.

JAPANESE YEN - Trading range against the dollar in 1985-1986 is 263.15 to 178.95. February average 184.545. Exchange rate index 191.6, against 157.4 six months ago.

CURRENCY MOVEMENTS

Table with columns: Mar. 10, Bank of England, Morgan Guaranty, Index, Change %.

CURRENCY RATES

Table with columns: Mar. 10, Bank of England, Special Drawing Rights, Index, Change %.

OTHER CURRENCIES

Table with columns: Mar. 10, Argentina, Australia, Brazil, Canada, etc.

STERLING INDEX

Table with columns: 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, % change, % change adjusted for divergence.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 am, Three months U.S. dollars, Six months U.S. dollars.

LONDON MONEY RATES

Table with columns: Mar. 10, Over night, 7 days notice, Month, Three months, Six months, Year.

NEW YORK RATES

Table with columns: Prime rate, Broker loan rate, Fed funds, Fed funds in anticipation.

MONEY RATES

Table with columns: Mar. 10, One Month, Two Months, Three Months, Six Months, Lombard.

LONDON

Table with columns: 20-YEAR 12% NOTIONAL GILT, 150,000 £2nds of 100%.

Table with columns: 10% NOTIONAL SHORT GILT, £100,000 £4ths of 100%.

Table with columns: THREE-MONTH STERLING, £500,000 £2nds of 100%.

Table with columns: FT-SE 100 INDEX, 225 per full index point.

Table with columns: 100% CERT DEPOSIT, £1M points of 100%.

Table with columns: THREE-MONTH EURO-DOLLAR, \$1m points of 100%.

Table with columns: EURO-DOLLAR OPTIONS, \$1m points of 100%.

Table with columns: LONDON SE E/S OPTIONS, £125,000 (cents per £1).

Table with columns: PHILADELPHIA SE E/S OPTIONS, \$125,000 (cents per \$1).

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Collectors Items



Send this advertisement attached to your company letterhead for a free design incorporating your logo.

Quality PROMOTIONAL GIFTS

Manufactured by Manhattan-Windsor. STEWARD ST., BIRMINGHAM, B18 7AF, ENGLAND. TELE: 338633.

Company Notices

ENTE NAZIONALE PER L'ENERGIA ELETTRICA (ENEL) SUS 300,000,000 FLOATING RATE NOTES DUE 2000.

For the six months, March 3, 1986 to September 2, 1986 the rate of interest has been fixed at 8 1/16 % P.A.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE LUXEMBOURG.

LA FARGE COPPEE US\$ 40,000,000 15 1/2% 1981/1989.

On February 27, 1986 Bonds for the amount of US\$40,000,000 have been drawn in the presence of a notary public for redemption on April 15, 1988.

WIMBLEDON tickets with Executive Entertainment still available for groups of 8 or more.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 10, 1986.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (B) buying rate; (S) selling rate; (C) commercial rate; (ch) convertible rate; (fn) financial rate (exc) exchange certificate rates; (nc) non commercial rate; (nom) nominal; (o) official rate; (s) selling rate; (c) controlled rate.

Large table with columns: COUNTRY, CURRENCY, VALUE OF £ STERLING. Lists various countries and their exchange rates with the pound.

Rate is the transfer market (continued). \$ Now one official rate. (1) Essential goods. (2) Preferential rate for public sector debt and essential imports. (3) Preferential rate. (4) Free rate for luxury imports, remittances of money abroad and foreign travel. (5) Free rate for luxury imports, remittances of money abroad and foreign travel. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parity rate. (8) Banknote rates. (9) Rate for exports. (10) Rate for imports. (11) Rate for imports. (12) Rate for imports. (13) Rate for imports. (14) Rate for imports. (15) Rate for imports. (16) Rate for imports. (17) Rate for imports. (18) Rate for imports. (19) Rate for imports. (20) Rate for imports.

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Dividend, and Yield.

AMERICANS - Cont.

Table of American Funds with columns for Name, Stock, Price, Dividend, and Yield.

Over Fifteen Years

Table showing performance of funds over a 15-year period.

Undated

Table of undated fund data.

Index-Linked

Table of index-linked fund data.

GOVT. BANK AND OSEAS

Table of Government and Overseas funds.

CORPORATION LOANS

Table of Corporation Loans.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans.

LOANS

Table of various Loans.

AMERICANS

Table of American funds.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks.

ELECTRICALS

Table of Electrical stocks.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks.

DRAPERY AND STORES

Table of Drapery and Stores stocks.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits stocks.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks.

ENGINEERING

Table of Engineering stocks.

ENGINEERING - Continued

Table of Engineering stocks.

INDUSTRIALS - Continued

Table of Industrial stocks.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

INDUSTRIALS (Misc.)

Table of Miscellaneous Industrial stocks.

AMERICANS

Table of American stocks.

AMERICANS

Table of American stocks.

AMERICANS

Table of American stocks.

AMERICANS

Table of American stocks.

INDUSTRIALS-Continued LEISURE-Continued PROPERTY-Continued INVESTMENT TRUSTS-Cont. FINANCE, LAND-Cont. MINES-Continued

Table with multiple columns for various financial indices and stock prices under categories: INDUSTRIALS-Continued, LEISURE-Continued, PROPERTY-Continued, INVESTMENT TRUSTS-Cont., FINANCE, LAND-Cont., and MINES-Continued.

MOTORS, AIRCRAFT TRADES NEWSPAPERS, PUBLISHERS

Table listing companies in the 'MOTORS, AIRCRAFT TRADES' and 'NEWSPAPERS, PUBLISHERS' sections with their respective stock prices.

PAPER, PRINTING, ADVERTISING TOBACCO

Table listing companies in the 'PAPER, PRINTING, ADVERTISING' and 'TOBACCO' sections with their respective stock prices.

TEXTILES TRUSTS, FINANCE, LAND

Table listing companies in the 'TEXTILES' and 'TRUSTS, FINANCE, LAND' sections with their respective stock prices.

PROPERTY OVERSEAS TRADERS

Table listing companies in the 'PROPERTY' and 'OVERSEAS TRADERS' sections with their respective stock prices.

INSURANCES PLANTATIONS

Table listing companies in the 'INSURANCES' and 'PLANTATIONS' sections with their respective stock prices.

MINES Far West Rand

Table listing companies in the 'MINES' section, specifically 'Far West Rand', with their respective stock prices.

Regional & Irish Stocks section containing various market information and notes.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Canada, Hong Kong, Singapore, South Africa, and Switzerland. Columns include country, date, price, and change.

Table of Canadian stock markets including Toronto and various regional indices. Columns include index name, price, and change.

Table of stock indices including New York Dow Jones, Standard and Poors, and various international indices. Columns include index name, date, and value.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of over-the-counter stock prices for various companies, including symbols, prices, and changes.

Table of NYSE Composite Prices showing 12-month and 52-week high/low data for various sectors.

Table of LONDON Chief price changes for various commodities and currencies.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER. Staying in ISTANBUL? Complimentary copies of the Financial Times are now available to guests staying at the following hotels in Istanbul: DIVAN - HILTON - SHERATON.

Table of NYSE Composite Prices (continued) showing detailed price movements and volume for various stocks.

AMSTERDAM/DELFT/EINDHOVEN GRONINGEN/DE HAGUE/HAARLEM/HEEMSTEDE/LEIDEN/LEIDORP/OEGSTGEEST/RUSWIJK/ROTTERDAM/UTRECHT/WASSENAR THE NETHERLANDS. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Willis, Tel: 020 239430, Telex: 16527.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, March 10

Main table of stock prices with columns for 12 Month, High, Low, Stock, Div, Yld, P, E, Sts, 100s, High, Low, Open, Prev, Close, and various stock symbols.

Kidder, Peabody International Limited. International Investment Bankers. An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo.

Continued on Page 45. Additional columns of stock prices and market data.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices, including columns for stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 44' and 'Continued on Page 43'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices, listing various stocks and their market data.

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices, listing stocks traded on the Nasdaq market.

